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File 267:Finance & Banking Newsletters 2002/May 06

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Set	Items	Description
S1	282	FINANCIAL(2W)FUNCTION? ?
S2	589692	FINANCIAL OR FINANCE OR FINANCING OR INVESTMENT OR ACCOUNT- ING OR GENERAL()LEDGER? OR COST()ALLOCATION OR BUDGETARY()CON- TROL OR ACCOUNTS()PAYABLE OR ACCOUNTS()RECEIVABLE? OR TRADE OR TRADING
S3	232698	CALCULAT? OR MATH? OR COMPUTE OR COMPUTES OR COMPUTING OR - COMPUTATION OR ALGORITHM? OR REPORT? OR FUNCTION? ?
S4	503247	INTEREST OR VALUE OR PAYMENT OR ASSET? ? OR DEPRECIATION OR VALUE OR VALUATION OR NPV OR RATE OR TERM OR CASH()FLOW OR B- ALANCE OR PERIOD? OR CASHFLOW?
S5	77268	AGENT? ? OR BOT OR BOTS OR INFOBOT OR INFOBOTS OR KNOWBOT - OR KNOWBOTS OR ASSISTANT? ? OR CRAWLER? ? OR ROBOT? ? OR CHAT- TERBOT? ? OR SOFTBOT? ? OR WEBCRAWLER? ? OR SPIDER? ? OR META- CRAWLER? OR WANDERER?
S6	158627	TRANSPARENT? OR SEEMLESS? OR SECRET? OR PRIVATE? OR SECURE? OR AUTOMATIC? OR TRANSPARENCY
S7	15701	AUTO OR (WITHOUT OR NO OR "NOT" OR NON) (3N) (HUMAN OR USER? ? OR OPERATOR?) (3N) (INTERVEN? OR .INPUT? OR ACTION? OR ACTIVIT? OR INITIAT? OR REQUEST? OR COMMAND? OR INSTRUCTION?) OR SUBR- OUTINE? OR SUB()ROUTINE?
S8	97270	RISK OR HEDGE? ? OR HEDGING
S9	7987	(S1 OR S2) AND S5 AND S8
S10	21	S1 AND S5 AND S8
S11	4224	S9 AND (ONLINE OR ON()LINE OR INTERNET? OR EXTRANET? OR WE- B? OR CYBERSPACE? OR NETWORK? OR NET OR LAN OR WAN OR NETS OR MAN OR DISTRIBUTED OR NODE? OR SERVER? OR CLIENT?)
S12	3710	S11 NOT PY>2000
S13	1448	(S1 OR S2) (S)S5(S)S8
S14	1	S1(S)S5(S)S8
S15	655	S13(S) (ONLINE OR ON()LINE OR INTERNET? OR EXTRANET? OR WEB? OR CYBERSPACE? OR NETWORK? OR NET OR LAN OR WAN OR NETS OR M- AN OR DISTRIBUTED OR NODE? OR SERVER? OR CLIENT?)
S16	655	S8(S)S15
S17	1	S1(S)S16
S18	1	S14 OR S17
S19	383	(S6 OR S7) (S)S15
S20	13	(ONLINE OR ON()LINE OR INTERNET? OR EXTRANET? OR WEB? OR C- YBERSPACE? OR NETWORK? OR NET OR LAN OR WAN OR NETS)/TI,DE AND S19

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?t18/3,k/all

18/3,K/1 (Item 1 from file: 267)
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04579602

Remaking Insurance: With security foremost on investors' minds, life insurers move into asset management
Laura Santini (laura.santini@tfn.com)
Investment Dealers Digest
June 4,2001 DOCUMENT TYPE: NEWSLETTER
PUBLISHER: SECURITIES DATA PUBLISHING
LANGUAGE: ENGLISH WORD COUNT: 2817 RECORD TYPE: FULLTEXT

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TEXT:

...age are anxious about their dwindling stock portfolios, consider the new marketing campaign for Prudential **Financial**, formerly known as Prudential Life Insurance Co. of America

As the company prepares for its...

...months has eroded the value of many of these plans, life insurers pitching security through **investment** products-particularly variable annuities-are suddenly hot.

"These markets offer a tremendous opportunity," says Gerald...

...the value they can bring to the table after everybody's lost 50% of their **net** worth."

As a variable annuity consists of a number of separate fixed-income and equity...

...a mutual fund. But unlike a mutual fund, the insurance component ensures that the principal **investment** is protected against a market slide.

Prudential is not the only insurance company well positioned...

...going to grow. Indeed, the insurance industry is one of the few booming areas in **investment** banking today.

Reinventing themselves as asset managers is fast becoming a chief strategy among life insurers. "If firms are trying to be **financial** services providers, the end game is to sell multiple products, says Stephan Kiratsous, an insurance banker at Merrill Lynch & Co. "If a customer has to go elsewhere for one **financial** **function**, he may choose to stay with the big company that offers everything."

The trend will hungry acquirers of U.S. insurers.

A **financing** bonanza

While the equity underwriting markets have gone into hibernation for most industries, that's...

...making," says David Platter, a former insurance banker for Donaldson, Lufkin & Jenrette, who runs the **financial** institutions group at Bear, Stearns & Co.

Because of the heavily regulated nature of the insurance...

...Co. plans to go public this year with an offering of around \$700 million. Principal **Financial** Group is expected to follow this fall with a \$2 billion IPO. At the end...

...a trio of demutualizations that took place last year. In January of 2000, John Hancock **Financial** Services Inc. went public with a \$1.47 billion IPO-86.7 million shares of stock offered at \$17.00 per share. In March, SunLife **Financial** Services of Canada Inc. demutualized with 35.9 million shares offered at \$8.50-a...

...that these stocks have held up during the recent market carnage. John Hancock recently was **trading** at \$38.75, SunLife at \$22.65, and MetLife at \$31.20. In fact, life...

...target. Take SunLife of Canada, which bought the annuity and bank marketing businesses of Liberty **Financial** Cos. Inc. for close to \$1.7 billion.

"Demutualization adds a dimension to the M&A market," says George Johns, co-head of the **financial** institutions group at Banc of America Securities, "You could argue that the Liberty deal wouldn't s annuity line, says Davey Scoon, chief **financial** officer of SunLife **Financial**, the U.S. subsidiary.

The biggest deals

The high price of asset managers, however, is...

...remain lofty, and U.S. insurance companies find it nearly impossible to compete with European **financial** firms when it comes to forking over cash. The one exception-the most intriguing deal...

...U.S.

AIG nabbed American General from Britain's Prudential Plc (no relationship to Prudential **Financial**), which had offered \$26.5 billion for the company in March. But Prudential's attempted...

...U.S. investors didn't want to hold a foreign stock that is difficult to **trade** here," she explains, referring to the American General's shareholders, who would have had to...

...Transamerica in 1998, and France's AXA SA. The company's U.S. subsidiary, AXA **Financial**, includes Equitable Life and asset manager Alliance Capital Management L.P., which closed its purchase...digit return," Meyer says.

Potential U.S. acquirers are fewer in number. They include GE **Financial**, which bankers say is hunting a European insurer. The company-in a rivalry with Aegon...

...Hancock and Lincoln National Corp. will be sold. I wouldn't be surprised if Hartford **Financial** Services Group, Allmerica **Financial** Corp. and Jefferson-Pilot Corp. followed suit," says Devine. "This business won't look a...products through distribution arrangements with insurance companies. (as IDD went to press Thursday, Fleet Boston **Financial** Corp. reportedly was in talks to acquire Liberty **Financial**'s asset management business for about \$1 billion.)

"Convergence with banks will be a long...

...claims to policyholders, insurance companies manage their own assets by investing them, mainly in low- **risk** fixed-income securities. Some companies, such as Mony Group Inc., have dabbled in private equity...

...insurers' future earnings is their ability to capture a large chunk of the market for **investment** products such as variable annuities. "Asset management expansion is really about scale," says Devine. The...

...fire by the Securities and Exchange Commission and the press in recent years. Many personal **finance** publications championed mutual funds over annuities and criticized the products for their typically higher fees.

The variable annuity story

Given the stock markets' decline, however, the insurance industry's marquee **investment** product is getting a dusting off. "The two main advantages of the variable annuity are...

...investor who is contributing the maximum into his 401(k) plan. To get brokers, insurance **agents** and independent **financial** advisers on board,

Prudential has teamed up with ING Groep NV and Pacific Life Insurance...to reverse the sales trend. ING (which expanded in the U.S. after buying ReliaStar Financial last year) ranked sixth in variable annuity sales in 2000, Pacific Life came in ninth...

...ranked twenty-fourth, according to Devine.

While the variable annuity's guarantee of the principal **investment** makes it attractive, particularly in turbulent stock market environments, the argument against annuities is that...

...been more appropriate, or moving customers from one variable annuity to another without a compelling **investment** purpose. Finally, variable annuities impose hefty surrender charges. Surrender charges, which often are around 7% for investors seeking to cash out the first year of the **investment**, decline and eventually disappear with every year the annuity is held.

The Securities and Exchange...

...which lured investors by promising specific rates of return for the first year of the **investment**. Bonus annuities have been deemed misleading, as returns in subsequent years are not guaranteed, and...

...this controversy isn't daunting the insurance companies, such as the U.S.'s Prudential Financial, which are putting all their energy into sales. "[Insurers] want to sell annuities as part...

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20/3,K/1 (Item 1 from file: 625)
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0186805

For \$25,000, Your Own Internet Bank
American Banker - August 19, 1996; Pg. 8A; Vol. 161, No. 158
DOCUMENT TYPE: Journal LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 1,908

BYLINE:

By JENNIFER KINGSON BLOOM

For \$25,000, Your Own Internet Bank

TEXT:

Michael C. McChesney has a dream: The next generation of Americans will be paying bills, **trading** stocks, buying mutual funds, and withdrawing cash in spare moments from every device imaginable - screen phones at airports, home televisions, office computers, and hand-held digital **assistants** . And the banks will control the infrastructure.

"All these **financial** institutions are going to be interconnected through a very **secure** , very inexpensive global **network** ," he said. "We are all going to be connected to this thing."

Besides being partial to banks, Mr. McChesney's scenario puts at the core of this massive **Internet** mechanism Five Paces Inc., the Atlanta software upstart of which he is chief executive officer. On paper, Five Paces is a subsidiary of Security First **Network** Bank, the highly touted "first **Internet** bank" that opened last fall. But that is only because a software company cannot legally...

...Bank Manager, a product that a bank could use to set up shop on the **Internet** in three months or less. Customers could open accounts, pay bills, and manage their finances **on - line** .

A \$25,000 start-up fee includes Five Paces' technology, consulting, and technical support. After...

...cents to \$4 per customer.

"The banks all recognize their need to be on the **Internet** . . . but almost all of them have said: I've got to outsource it, because I...

...t use it."

Several other companies are competing to help banks "go transactional" on the **Internet** 's World Wide **Web** . Edify Corp. of Santa Clara, Calif., and **Online** Resources and Communications Corp. of McLean, Va., are two of Five Paces' direct rivals. Microsoft...

...They also have a strong lineup of strategic allies, including Hewlett-Packard, Unisys Corp., Alltel **Financial** Services, M&I Data Services, and Synovus **Financial** Corp.

Hewlett-Packard, which owns a companion technology called Virtual Vault, has its worldwide sales...

...in what we're talking about," said Dennis Roman, banking segment manager in HP's **financial** services business unit.

And then there is security. One bough on the Security First corporate

tree is **SecureWare** , a division that has supplied cryptographic tools to the Department of Defense and other military...

...products

have the same airtight security.

"Right now, in our opinion, we have the only **secure** solution out there," said James S. "Chip" Mahan 3d, Security First's chief executive officer...

...Our system is more flexible, less code-dependent," he says.

And Matthew Lawlor, president of **Online Resources**, called Five Paces' an "incomplete solution." "Five Paces has a very fine piece of **Internet** software," he said. "But it doesn't give the bank the capability to drive plain...

...said, is to convince potential users that its system is affordable, easy to install, and **secure** . That said, the company got off to an impressive start. Its investor group includes Huntington...

...Bancshares.

Huntington has already put its money where its mouth is, establishing a full-service **Web** site using Five Paces technology.

Money from those banks and Security First's splashy initial...

...when there were about five employees. Now 120 work in the Security First/Five Paces/ **SecureWare** combine, alongside 30 on Alltel's payroll.

The staff of techno-savvy people in their...

...a casting director's vision of a film about Generation X. Lava lamps adorn desks, **Internet** magazines and books on computer programming languages fill shelves. Movie posters and other pop-culture...

... And by yearend 12 more banks using Five Paces technology will be up on the

Internet , Mr. Ogilvie said.

"We think this market is going to explode, and we think we...the market," said Mr. McChesney.

Under his game plan, the banks will not only get **on - line** , but will control the critical identification and authentication systems necessary to validate electronic transactions. From there - maybe five or 10 years out - fiber-optic **network** links to homes will be routine, and entire communities

will gain what Mr. McChesney calls "fast, ubiquitous, dial-tone access" to the **Internet** and, by extension, to their finances.

"It's like 'The Jetsons,' " he quipped. "Maybe I...

...its diplomacy" in dealing with bankers and must offer them "a massive education" about how **Internet** banking works.

One banker who visited Five Paces earlier this year and came away impressed...

... and all of us should be grateful to them," Mr. Jones said. "They made the

investment , they took the **risk** , and I think they will be successful."

Is his \$210 million bank willing to take...

...slowly. "They keep

looking at the other banks - they keep missing it," he said. "The **risk** isn't the other banks."

The Security First/Five Paces empire owes its existence to a banker, Mr. Mahan, who started believing in the **Internet** when the mainstream press began covering it two years ago.

Mr. Mahan, then president and...

...are sisters) to Mr. McChesney, a Wharton MBA and former venture capitalist who was running **SecureWare** in Atlanta.

"Chip's interest originally was he just wanted to have the first **Internet** bank," Mr. McChesney recalled. Mr. Mahan asked Mr. McChesney to address the security problem. They...

...Paces (it's also the name of his favorite beer dive) and appended it to **SecureWare**. That fall, he took a prototype of Virtual Bank Manager to a banking conference hosted...

...Mahan-McChesney suite, leading the brothers-in-law to rethink their strategy for Security First **Network** Bank. "It became apparent that perhaps the greater opportunity was creating the technology and licensing..."

...It retreated in the recent correction. "At this point, it's sort of a high- **risk** type of **investment**, as are many emerging companies, and they're all getting killed in this market," said...

20/3,K/2 (Item 2 from file: 625)
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Internet Called Catch-up Tool for Insurers
Insurance Accountant - June 3, 1996; Pg. 3; Vol. 9, No. 22
DOCUMENT TYPE: Newsletter LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 550

Internet Called Catch-up Tool for Insurers

TEXT:

...commerce will soon be left behind. "Companies that fall behind in this race not only **risk** losing market share to nontraditional competitors, and to insurers that have kept pace with technology..."

...the opportunity to catch up, if they can learn to exploit the possibilities of the **Internet**. She downplayed the hype about consumer uses of the **Internet** and urged that firms instead recognize its other capabilities. "Business-to-business applications are the fastest growing segment of electronic commerce on the World Wide **Web**," she said. "These applications are made possible by the implementation of virtual **private networks** -- **Web** connections in which each business partner's corporate data is protected by an impenetrable firewall."

The combination of the **Internet** with proprietary "Intranets" is a cheap, effective way for insurers to move up the curve, Boland believes.

"By implementing a common front-end **Web server** or browser, such as the popular Netscape, virtual insurers can cheaply conduct not only mundane ...

...listings, but more strategic applications," Boland said. "For example, customer solution repositories could permit an **agent** attempting to land a **client** to quickly research the previously successful product,

underwriting
or **financial** designs for customers with similar requirements."
Boland said there are a few firms in the...

...it throughout the company," Boland said. "By using the
information in its database prepare member **risk** profiles and customized
policies, the company has created products and services targeted to
members' needs...

20/3,K/3 (Item 1 from file: 267)
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04580526

**Making An Entrance: Can Online Exchanges Find Their Place in the
Secondary Market?**

Alistair Christopher, Senior Editor
Venture Capital Journal

July 1,2001 DOCUMENT TYPE: NEWSLETTER

PUBLISHER: SECURITIES DATA PUBLISHING

LANGUAGE: ENGLISH

WORD COUNT: 2940

RECORD TYPE: FULLTEXT

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**Making An Entrance: Can Online Exchanges Find Their Place in the
Secondary Market?**

TEXT:

Financial markets seem to develop in fits and starts, slowly gathering
speed and then hitting subtle...

...downturn of late 2000 and early 2001 has made liquidity an increasingly
important issue for **private** equity investors, some of which are now
bumping up against their alternative asset allocation levels due to the
falling value of their public equity holdings. Wealthy individuals, whose
net worth became considerably smaller as the Nasdaq plummeted and dotcoms
went bust, have also been scampering to secondary fund managers, looking to
unload small LP interests in **private** equity vehicles and salvage what is
left of their portfolios.

"The primary market has achieved...

...looking for liquidity in order to free up capital to invest in new
third-party **private** equity funds.

Lexington, which led the syndicate that purchased the Chase Capital
Partners portfolio, is...event. There was limited liquidity in the market,
and the LPs who did invest in **private** equity were in it for the long
haul. But now, with the investor base having grown, and with many of those
investors looking to reduce their allocations to **private** equity - some
are required to do so - the need for developing a formal exchange to **trade**
these interests has emerged.

A few groups such as the San Francisco-based **PrivateTrade**, New
York-based New York **Private** Placement Exchange (NYPPE) and San
Francisco-based Round1 **Private** Capital Marketplace Inc. are betting the
future of the secondary market lies in the establishment of an orderly **Web**
-based market. Formal marketplaces represent a fairly radical departure
from the existing practices of the...

...generally purchase LP interests in negotiated transactions, or
participate in quietly held auctions run by **investment** banks.

The closed, quiet and inefficient nature of the market has historically
resulted in deep...

...and is currently re-working the terms of an \$800 million securitized

offering Porter Global **Private** Equity Ltd. (See story on page 12.)
The need for liquidity on the part of...

...desire to manage their LP interests the same way they manage assets invested in other **financial** products demonstrates the need for an orderly, centralized exchange of LP interests, says Kathleen Powers Dunlap, chief executive officer of **PrivateTrade**. "If you believe in **private** equity as an asset class...and then you look at other asset classes where the size of the secondary market is a multiple of the primary market, **private** equity is the glaring exception," she notes. **PrivateTrade** is focusing on institutional investors, whom Powers Dunlap says hold 85% of **private** equity assets, as potential users of its marketplace.
"This is academic that this is going..."

...transactions." For its purposes, NYPPE defines the VC asset class as consisting of interests in **private** equity funds, **hedge** funds, restricted securities of Securities and Exchange Commission reporting companies and non-SEC reporting companies...says Powers Dunlap, noting that nearly 300 different groups have signed up as members of **PrivateTrade**. For his part, Allen says his team of 23 professionals maintains relationships with over 4...

...providing more insight into the world of secondary buyers, both groups argue they outperform placement **agents** in their ability to service customers of all sizes, many of whom might not be big enough to interest placement **agents** in their business. Most importantly, the methods the marketplaces have put in place to complete a **trade** are a sizeable upgrade over the current system, the two CEOs argue. "When a placement **agent** or others conduct a secondary, it is not always clear how the sale will be conducted. We have put in place a clean, clear, **secure**, easily defensible process that assures people who take their fiduciary duty seriously that they can..."

...central marketplace that would call for sellers to post LP interests for sale on a **Web** page - even **private**, password protected, members-only **Web** pages like those set up by **PrivateTrade** and NYPPE. "The exchange concept is interesting, but it seems to remove the relationship from a relationship business," says Barry Gonder, senior **investment** officer at the California Public Employees' Retirement System (CalPERS). Other LPs expressed similar concerns. "It..."

...with the asset class to say what the world needs is a liquid market in **private** equity. This would further erode **private** equity's attractiveness, because the more efficient it becomes, the more relationships are hurt," says one endowment fund manager.

"If I were looking to sell my **private** equity portfolio I would go the traditional route," says Ronn Cornelius, director of **private** equity at Pacific Life Insurance Company. "This is a negotiated transaction, like selling a company. It's an intimate thing you don't just post it." Both **PrivateTrade** and NYPPE officials say they are aware of these concerns and can accommodate sellers who do not want to post their transactions on **PrivateTrade**'s and NYPPE's **Web** sites. In fact, **PrivateTrade** has yet to put any deals on its **Web** site, and the two sales it is currently working on are both taking place offline...

...a liquid secondary market would drive down the returns that cause people to invest in **private** equity in the first place. "It is an illiquid assets class and you expect a premium because of this," says Chris Ailman, chief **investment** officer at the California State Teachers' Retirement System (CalSTRS). "If it becomes very liquid, you..."

...investors a sense of what something is worth...the secondary market should not be a **private** market, it should be a public one," says Michael Gutnick, senior vice president of **finance** at Memorial Sloan-Kettering

Cancer Center. However, neither **PrivateTrade**, NYPPe nor Round1 is a completely **transparent** public market - only the final buyer and seller know the terms of transaction conducted through **PrivateTrade**. On NYPPe, which offers a couple of different methods for liquidity, the seller sets the...

...public or known to other bidders. Eventually, NYPPe does hope to make its market as **transparent** with as much pricing information as possible, says Allen. Round1 will build a custom marketplace...

...once the sale has taken place.

Existing secondary funds, many of whom have spoken with **PrivateTrade** or NYPPe and even registered as users, on the whole appear to be taking a...

...new exchanges.

"Does the marketplace need it? I don't know," says Tim Jones, an **investment** director with secondary firm Collier Capital. "I am not convinced there will be a lot..."

...America. In fact, Carr and other marketplace players expect the competition to increase as more **private** equity firms and **investment** banks try to seize a piece of this growing market by raising new secondary funds...

...the market sees as overwhelmingly positive for secondary firm's IRRs. "If there is a **risk**, it is people ...prefer to pick and choose the investors in their vehicles. Moreover, most GPs, in their **private** placement memorandums, reserve the right to approve sales of LP interests in their funds or..."

...existing LPs have the right of first refusal. GPs are also nervous about the sensitive **financial** and other information they provide to their LPs becoming available to any party interested in...

...showing up, it might discourage us from being as open as we've been."

Both **PrivateTrade** and NYPPe believe they have incorporated GPs' concerns into their **trading** process. NYPPe encourages sellers to contact their GP groups before they post a position for sale and **PrivateTrade** brings GPs into the beginning of the sale process, allowing them to screen potential buyers...

...interest to sell until they have located a willing buyer, many secondary fund managers note.

PrivateTrade has not yet heard of a GP who is reluctant to let an interest be...are some GPs who may be able to help LPs sell their partnership interests, both **Private Trade** and NYPPe say their exchanges actually aid the large group of GPs. A group that...

...success for a secondary exchange rests with deal flow.

If the exchanges can get attractive **investment** opportunities, they will survive because major secondary players will use the exchanges to get access...

...big secondary players are. "The sellers are likely going to be small deals from high- **net** -worth-individuals or family offices," says Anthony Roscigno, a general partner at Landmark Partners Inc...

20/3,K/4 (Item 2 from file: 267)

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04571974

Insurance Needs to Fight Online Competition
Danielle Fugazy

Web Finance

October 16, 2000 DOCUMENT TYPE: NEWSLETTER

PUBLISHER: SECURITIES DATA PUBLISHING

LANGUAGE: ENGLISH

WORD COUNT: 689

RECORD TYPE: FULLTEXT

(c) SECURITIES DATA PUBLISHING All Rts. Reserv.

Insurance Needs to Fight Online Competition

TEXT:

...insurance industry is going to have to fight hard to retain a niche on the **Internet**. According to some observers, the insurance industry is in danger of losing business to more experienced **financial** services companies. However, one expert thinks **agents** may yet save the day.

James Kroviak, META Group's vice president of information strategies, said at the recent **Financial** Tech Expo in New York that the insurance industry is heading into dangerous territory as...
...business assessment firm.

Another problem facing insurance companies is their lack of speed to the **Net**. "Where is insurance going? We're afraid the **financial** services companies are going to end up winning. Insurance will lose power to the banks...

...has in the last 100 years.

To keep the industry alive, another speaker, Roger Rudell, **assistant** vice president at Mynd, an insurance and **financial** services provider, suggested **agents** become **financial** planners because "people still want to talk with someone."

Stephen Boyd, vice president of **private** insurance agency YouZoom, an affiliate of Arrowhead General Insurance Agency Inc., agreed with Rudell. One of the biggest mistakes insurance companies made was trying to cut out the **agent**.

Although customers want to pay less for insurance, the **agent** is not where companies should cut costs because 90% of all insurance sales are made offline, according to YouZoom. Insurance is not taking off **online** because 80% of consumers feel extremely or very comfortable purchasing insurance through an **agent**.

"**Agents** are great because they always find a way to make money," said Boyd.

Rather than...

...Kroviak expects to happen in the next five years, Boyd suggested insurance companies contract independent **agents** with **Web** sites and let them sell the company's products. This gives the carrier a "more...

...a better way to buy insurance," said Boyd.

"All the carriers that are on the **agents**' sites go after a different segment of the insurance population. Some focus on the preferred **risk** customers, like GEICO. Others want customers who need only liability insurance. It will be an...this strategy the carrier will not have to launch marketing or brand campaigns and the **agent** would only be compensated when a sale is made.

Additionally, "some carriers believe the independent distribution strategy is good because they feel the **agent** is good at closing sales or are very comfortable because the **agents** add quality," said Boyd.

Customers will have a better experience as well. According to Boyd, customers will have total control over the insurance transactions, as well as real-time **online** purchasing, instant proof of insurance, a 24/7 call center support and professional advice from a local **agent**.

Although there are benefits to moving an insurance company **online**, there are pitfalls as well, Boyd said "Whenever you are going through an **Internet** development phase and have cut development time in half, you introduce new **risk**. With the **Internet**, time is not a luxury.

Search Report from Ginger D. Roberts

"From the business side there is also a **risk** because we don't know how the **Internet** is going to pan out. But we feel this [business model] is stable because we have the independent **agents** as a balancing factor," Boyd added.

...

20/3,K/5 (Item 3 from file: 267)
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04571561

Online **Insurance: Not Quite There Yet**
Danielle Fugazy
Web Finance

October 2,2000 DOCUMENT TYPE: NEWSLETTER

PUBLISHER: SECURITIES DATA PUBLISHING

LANGUAGE: ENGLISH

WORD COUNT: 865

RECORD TYPE: FULLTEXT

(c) SECURITIES DATA PUBLISHING All Rts. Reserv.

Online **Insurance: Not Quite There Yet**

TEXT:

Insurance sold on the **Internet** is racking up solid numbers but still has a ways to go. By 2004, IDC predicts that \$14 billion worth of personal Property & Casualty policies will be sold via the **Internet**, roughly equal to all the P&C premiums sold in Arizona last year.

However, 62% of **online** insurance transactions were abandoned in 1999, according to IDC's report, "**Online Financial Services: Insurance**," by Jennifer Blackmore, a senior research analyst. IDC predicts abandoned transactions will decrease to 28% and the disparity between customers just looking for insurance quotes on the **Web** and actually binding policies will narrow. Approximately 40% of all **Web** users are expected to have made an insurance purchase via the **Internet** by 2004.

A key finding of the report is, according to Blackmore, that people would be more willing to buy insurance **online** if the carriers had better multichannel strategies. "Companies need to streamline the application process so it is easy to shop on the **Web**. When a person fills out the application **online** they should be able to call an **agent** or e-mail one and have them be familiar with the application. I haven't seen that. Customers don't want to go through the process again with **agent**," she said.

Another factor that contributes to the inconsistency between browsers and buyers of **online** insurance is that a lot of the companies that are **online** "selling" insurance are not actually able to bind policies. And to take one more step in the wrong direction, the companies then fail to provide the customers with an **agent** locator so they know whom they can buy the insurance from.

"Carriers are betting on...

...want to rethink using an aggregator. It seems this is an interim strategy to sell **online** while they figure out their platform. There are over 200 insurance tools out there that...

...you can actually buy is hard," said Blackmore.

Consumers are also ambivalent about binding insurance **online** because the **Internet** generally caters to low-**risk** purchases. "Insurance is pricey. Pet insurance or travel insurance can be put on a credit card; most people don't have the room on their credit card to put **auto** or home insurance on it," said Blackmore.

According to the report, a good strategy for insurance companies would be to put some less expensive, easier to understand insurance products **online** first and then move the bigger, more complicated products **online**. Also,

agents are more willing to give up the smaller insurance sales and keep their "bread and...eventually return to the site to buy insurance.

The last reason for a gap between **Internet** insurance browsers and buyers is brand recognition. According to the report, 43% of **online** insurance buyers have seen the commercials for a product and have just bought a car...

...they trust," she said.

Blackmore suggested several steps insurance companies could follow to be successful **online**. Having a strong **agent network** on a national level is crucial. "Insurance companies should be set up very similarly to [Charles] Schwab. The processing center and **agents** should be located centrally. Call centers and the **Internet** should be integrated," she said.

Additionally, companies that allow customers to print out insurance policies will do better because 25% of consumers that search for insurance **online** have bought a car and need immediate coverage. Sites that give a printable bill of...

...Blackmore also suggested that insurance companies create long-term strategies and don't do go **online** just because there is pressure to do so but because it makes sense. "A lot...

20/3,K/6 (Item 4 from file: 267)
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Special Report on Internet Payments: Taking Advantage of Opportunities, Overcoming Challenges

Card News

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(c) PHILLIPS PUBLISHING INTERNATIONAL All Rts. Reserv.

Special Report on Internet Payments: Taking Advantage of Opportunities, Overcoming Challenges

TEXT:

Editor's Note: Few argue with the fact that **Internet** commerce has moved beyond the stage of bleeding-edge innovators and tech-savvy early adopters ...

...a foothold with mainstream consumers. But even as record numbers of consumers take to the **Web** to shop, the payments industry is struggling to come to terms with managing the challenges...

...industry to do more to protect consumers and merchants.

In this special report, CN examines **Internet** commerce and payments, and highlights some recent initiatives that are likely to shape the marketplace as it evolves into maturity.

Consumers Begin To Embrace **Internet** Commerce

Not so long ago, consumers were hesitant to pull out their credit cards and shop over the **Internet**, but recently, much of that reticence has given way to the convenience of **online** shopping.

Search Report from Ginger D. Roberts

In a recently released report, Cambridge, Mass.-based Forrester Research [FORR] concluded that **online** consumers have shed their thick skins, revealing a confident, knowledgeable, and demanding population ready to embrace **Internet** advancement as the PC becomes mainstream. According to the research firm's new "Technographics Benchmark Data Overview", by 2001, more than half of U.S. households will be **online** ; more than a third will have purchased **online** ; and one in 10 will have banked or invested **online** .

"[The Year] 2000 will be remembered as the year that important psychological thresholds were crossed...

...as common as the stereo system," said Patrick Callinan, analyst at Forrester Research. "Today's **Internet** consumers are doing and spending more **online** -- faster. In 1999, only 13 percent of those **online** for less than six months had purchased **online** . Twenty-four percent of this year's inductees have bought something in the past three months."

Beyond just browsing, buying, and booking travel **online** , one in 10 **online** U.S. households trades stock **online** ; and slightly more pay bills **online** , Forrester researchers say. Only 9 percent of consumers cite security as the reason they don't **trade online** , down from 18 percent last year.

Online consumers are also turning to the **Net** to research **financial** products they purchase less frequently, from mortgages to **auto** insurance.

Security Moves Front and Center

However, as more people have taken to the **Web** for commerce, more security loopholes have emerged. In an effort to get ahead of that **Internet** security challenge, Visa International last Monday unveiled a new global e-commerce initiative that the association says will make **Internet** shopping better and safer for both buyers and sellers on the **Web** . As **online** volume grows, Visa believes the initiative will enhance its global payment system and reduce **Internet** transaction disputes by up ...we are going to focus on some of the challenges that are presented by the **Internet** and some of the other emerging channels, such as mobile," said Tom Manassis, vice president...

...and also monitoring what's going on and enforcement of our particular guidelines."

The Visa **Secure** e-Commerce Initiative aims to leverage improvements in technology and best practices to provide an...

...the globe. The global initiative includes two major components: the Payment Authentication Program and the **Secure** e-Commerce Initiative.

First, the Payment Authentication Program is designed to reduce the risk of unauthorized use of a cardholder account and to improve customer service for buyers and sellers on the Web . Second, the Global Data Security Program establishes standards and best practices for e-commerce merchants...

...area which is to reduce the number of disputes that we're seeing on the Internet , " Manassis said. "When we look at disputes, there are a lot of issues: chargebacks related...

...s doing this transaction. We feel that we can reduce about 50 percent of the Internet disputes through this program over time."

The Payment Authentication Program is based on a new "3-Domain" model, which was recently approved as part of Visa's Secure e-Commerce Initiative by the Visa International Board of Directors. Using a globally interoperable approach to authentication, the model provides participants with the confidence that an Internet transaction has been conducted by legitimate parties, thus reducing the potential for disputes.

Visa's European region last week announced deployment of the 3-Domain model for implementation of server -based SET (Secure Electronic Transactions) in the European Union marketplace, with full implementation scheduled for 2001. The Visa Latin America and Caribbean region has also recently endorsed the 3-Domain model for server -based SET. Visa U.S.A. also will pilot a new 3-Domain SSL-based (Secure Socket Layer) authentication protocol beginning this summer.

"Besides reducing fraud, one of the objectives is...

...said.

The company said that the 3-Domain model provides options to authenticate the payment on - line , protect the privacy of transmissions, and ensure that data in transmission remains unchanged. The model...

...also work with new payment products and channels, including chip cards, mobile phones, personal digital assistants and set-top boxes.

The second half of the Visa Secure e-Commerce Initiative will enhance the protection of transaction information on a merchant Web site. The Global Data Security Program, to be rolled out later this year, will include...

...The self-certification tool, standards and guidelines will all be available to merchants on the Web later this summer. Additionally, technology to upgrade merchant sites once the self-certification has been...

...will be

available from a variety of Visa approved vendors via direct links on the Web .

Securing Payment Card Data

Web merchants typically use high-test security like SSL to encrypt credit card data as it...

...passing from the consumer to the retailer, but vulnerabilities often continue to exist on the servers where many e-tailers warehouse that credit card information. Once those credit card numbers arrive...

...convenience or for tracking purposes.

Although consumers continue to use their credit cards over the Internet in record numbers, widely publicized security challenges in recent months have given some e-shoppers the jitters.

A rash of denial of service attacks against popular Web sites, combined with the seizure of approximately 50,000 credit card numbers from the servers of Web retailer CD Universe earlier this year and other similar attacks have injected a small -- yet...

...The company's product, PC Pay, incorporates patented "next generation" encryption technology using bank ATM network standards. The swipe device, similar to those used by ...and smart cards. Unlike other encryption technology for PCs, card data is encrypted within the secure device before entering a computer, offering a higher-level of security, company officials say.

"What is the problem in general with payments solutions on the Internet ? The problem is the way you pay for on - line purchases if you enter your credit card number through a keyboard, which is a security...

...weeks, people have hacked into databases and got credit card numbers."

The very nature of Internet commerce -- creating an environment in which credit card numbers are stored on merchant sites -- has...

...line and you just receive an approval code," he said.

"The problem was with the Internet , when you enter your data, people keep that database including your address, and also your credit card number and the expiration date and that's stored on an ISP or Web hosting company, shopping cart provider, the merchant," Kirschen continued. "It's all over the place ... stars. You can't read them because you don't have the decryption key."

Enabling Secure Internet Debit

While credit cards have ruled the Internet as the payment method

of
choice until now, there is a new option emerging on the horizon -- debit. A growing number of companies, including Maitland, Fla.-based EFT **network** Star Systems Inc., are developing approaches to **securely** conduct debit card transactions over the **Internet**. Earlier this year, Star announced it would join NYCE Corp.'s SafeDebit payment initiative. As a result of the agreement, Star will offer SafeDebit to its member **financial** institutions.

"Working in conjunction with the Advanced Payments Group we have developed three models that debit cards could be used over the **Internet**," said Julie Saville, vice president, product development, Star Systems. "Those three models, we think, are very feasible and all very **secure** and provide a number of benefits to the participants including the **financial** institutions, the merchants, the acquirers and the consumers."

In model one, the consumer's **financial** institution guarantees payment and provides authentication of the consumer. "The first one you can call a classic **on - line** debit, you move it from the physical world to the **Internet**," Saville said. "The consumer can use their existing ATM card number and their existing PIN..."

...with account. Model one is the classic physical world example but move it to the **Internet** world."

Although this option uses the consumer's existing ATM card, it also offers a...

...plugged into the keyboard of the consumer PC and it would provide encryption that would **secure** the customer's PIN over the

Internet," Saville said. "Software encryption always has a number of flaws like viruses can get at it and everything else, but the hardware encryption we believe is as **secure** as it is in the real world."

Star currently is discussing a pilot with four...

...of which ultimately will be selected. "They're pretty much waiting for the EFT debit **networks** to put the rules in place to accept this," she said. "If we can get..."

...place to permit this."

In model two, which is characterized by the SafeDebit program, the **financial** institution would give the same approvals, but the consumer's **financial** institution actually has to issue something new, such as a digital-signature capable card that...

...ROM drive of the user's PC.

This is the model used by NACHA's **Internet** Council pilot, in which MerchantOnline.com is a participant. "It's the same approval format, guaranteed payment and the **financial** institution authenticates the consumer, but it's something new that the **financial** institution provides to the consumer -- a

SafeDebit card, a chip card or some process for...

...commerce

malls or portals, as well as bill-payment services.

In this scenario, though, while **financial** institutions will continue to

gain transaction fees, there is a **risk** that they will be disintermediated from

some of their prime customers by other, non-bank...

...early to give odds on the winning approaches and players, one thing is certain -- the **Internet** commerce marketplace is too big and too profitable to

ignore. As a result, a growing...

20/3,K/7 (Item 5 from file: 267)

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04566136

Commercial Loans: Metamediaries Are the Future of Online Commercial Finance

Jerry Minkoff

Web Finance

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Commercial Loans: Metamediaries Are the Future of Online Commercial Finance

TEXT:

John Orban has seen the future of **online** commercial **finance** and it is an automated metamediary that matches buyers and sellers. Human intervention is minimized and for that reason business-to-business on the **Web** as it is currently understood is dead, he said. Orban, CEO of CompanyFinance.com, spoke at Comtek International and CFO Enterprises' recent e- **finance** 2000 conference in New York.

Before the metamediaries take over, **online** **finance** will go through an evolutionary process, Orban said. The first generation consisted of intermediaries, loan brokers with access to multiple **financing** sources. Brokers' value proposition was that they gave access to alternate sources, usually to borrowers...

...resort. "They were not being pursued by Chase, Fleet or even Finova," he said.

The **Web** -based loan broker resembled a newspaper's personal ad section. and was cumbersome, Orban said...

...personals and still having to call the lender.

Market makers constitute the second generation of **Web** -based **finance** . Garage.com is probably the best example, Orban said. He compared market makers to an **online** dating service. The borrower submits an application that is reviewed and made available to interested...

...if it meets their criteria.

A market maker brings a degree of disintermediation to the **financing** process by eliminating some of the middlemen. It also lowers the cost of transactions, but...

...transactions you need more people," he said, and the cost would be

prohibitive.

The next **online finance** generation is made up of metamediaries such as eFinance.com, eCredit.com and One-Core.com...

...one solution is to form alliances, Orban said.

A metamediary brings true disintermediation to the **financing** transaction through automation. In addition, it is a move toward a frictionless process that utilizes...

...dead within 12 months."

The future belongs to what Orban labeled fully integrated metamediaries utilizing **bots**, mobile applications that match buyers and sellers based on preferences, criteria and dynamic polymorphic analytics. These metamediaries will be able to establish a two-way frictionless **financing** process, Orban said, matching the most suitable lenders and borrowers. He said CompanyFinance.com and eCredit.com are fully integrated metamediaries.

This model of **Web**-based e- **financing** enables cartel pricing in a **transparent** environment, according to Orban. "This will cause a margin squeeze in the banking system, unless...

...on processing."

In addition, disintermediation at this level threatens the status quo. As a result, **finance** companies will have to ...watch their profits dry up in 12 months," Orban said. On the positive side, e- **financing** reduces marketing inefficiencies, lowers operating costs and decreases **risk**.

20/3,K/8 (Item 6 from file: 267)
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Planning Online - On The Road: Technology options offer planners an easy link to their offices and data-at any time.

Ellen Jovin

Financial Planning

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Planning Online - On The Road: Technology options offer planners an easy link to their offices and data...

TEXT:

Certified **Financial** Planner licensee Scott M. Kahan is a self-described late-night person. Three to five...

...something that I need to do [while away from the office], I can just go **online** for five minutes," says Kahan, president of **Financial Asset** Management Corp., based in New York.

Advisers who want greater flexibility in where they...

...machine. As soon as the connection is made, whether through a dial-up connection, the **Internet** or some other means, the desktop of whatever computer a user dials into essentially becomes...

...to the office the next day. No longer. Now he can work on his **BAM** client management software and Centerpiece data from home at night, even though the applications are installed...

...can now call into New York, get data off of Centerpiece for his or her

client accounts and print out the information.

Alaska **Financial** Advisors in Ketchikan, Alaska, relies on another, similar program, Carbon Copy, for its remote access...
...firm, says, "Almost anything that I could do if I was physically sitting behind the **server**, I can do from my house."

Regardless of which program a planner uses, a firewall can protect a **private** PC or **network** from the unwanted intrusions of outsiders. "Unless someone is a very advanced programmer/hacker," says not going to bother messing around with a little place like [a **financial** adviser's office]."

For help with firewalls, planners without onsite technology expertise can turn to...

...own security system. He turned to an application called Black ICE, from a company called **Network** ICE. The application's **network** monitoring engine scans inbound and outbound traffic on a PC for suspicious activity and denies...

...a constant solution."

For those willing to pay for remote access, there is the virtual **private network**. A VPN uses the public **Internet** as a channel for **private** data communication. In comparison with owned or leased lines that only one company can use...

...VPN provides similar capabilities but at a lower cost, because it takes advantage of the **Internet**'s public infrastructure.

In Martinsville, N.J., Condor Capital is currently installing a VPN. This ...

...quality remote experience to the firm's computer consultant, who will have access to the **network**. The same goes for employees. And, says Ken Schapiro, the firm's president, "If we...

...our [main] office."

On a VPN, data are encrypted before being sent over the public **network**, then decrypted at the other end. A VPN also allows the originating and receiving **network** addresses to be encrypted. Still, security concerns remain. Says Schapiro, "You need to be concerned..."

...determines where and how to forward information] and the access it allows the outside-the **Internet**-into your **network**. So you have to have a pretty up-to-date router with the latest and greatest security software."

Unfortunately, however small the **risk** of intruders may be, any method providing a planner with remote access ...about the security of remote access solutions. One of them is Ed Morrow, president of **Financial** Planning Consultants in Middletown, Ohio. "I think the problem is that the **risk** just isn't worth it," he says.

He is especially concerned about telephone access. "The concept of remote access to an office **network** is fraught with danger for the **financial** adviser," he says. "If your **network** is connected to a telephone that will answer **automatically**, anyone can call you. And if they are sophisticated, they can get around your security, get into your **network** and extract confidential information." Alternatively, he says, they could simply erase it.

And that is not all. "Most **financial** software database programs do not have very powerful security features," Morrow says, "and when they..."

...the well-known databases in the industry-with ease.

In comparison to telephone connections, the **Web** offers comparatively greater security in his view. "There's a lot of security built into the **Internet**," he says. For now, though, among advisers seeking easy office access, he sees a trend toward a different kind of solution.

"A lot of **financial** advisers who go on the road or who really want to do things offsite buy..."

...a device connecting a laptop to some or all of the following: a printer, monitor, **network**, modem, microphone and speakers. With such a laptop, planners have a portable way to work at home or on vacation, or to make a presentation at a **client**'s office. And the database can be safely stored in two places: on a **network**, if the planner has a **network**, and on the laptop.

"When the time comes to go home or on the road and **clients** alike must be comfortable that confidential **client** information is safe from strangers. Fortunately, today's technology provides planners with an increasing array...

...contact management and the ability to sync up to Palm Pilots and other personal digital **assistants** through the **Web**.

The document management features, described at www.liveoffice.com, allow users to upload documents and...

...or just with certain people in certain locations.

The information is stored in AdvisorSquare's **server network**, making it accessible from an airport kiosk, a **client**'s office or any other place where you have an **Internet** connection and a browser. But this is for basic information access and sharing only, so...

20/3,K/9 (Item 7 from file: 267)

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04541039

Benefits Company Uses Net To Support Group Health Brokers

Roland Jones

Web Finance

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Benefits Company Uses Net To Support Group Health Brokers

TEXT:

When it comes to making the most of e-commerce and the **Internet**, insurers have long been considered the laggards of the **financial services** industry. After all, while banks and brokerages have been living it up on - **line**, most insurers are still struggling with their **Internet** strategies.

But analysts say that insurers' fortunes on the **Internet** could be about to change for the better.

A number of insurance providers are making use of the **Internet** as a tool for use by traditional sales forces, rather than as an alternative distribution channel. Analysts say this strategy is good business practice: when it comes to the **Internet**, insurers' biggest fear is that if they openly embrace it as a sales channel they might disaffect their established sales **networks** of brokers and **agents**, which until now have brought them large revenues. Using the **Internet** in tandem with sales teams will **secure** those revenues and enable insurers to embrace the benefits of **Internet**-based commerce.

With this in mind, insurers are establishing so-called "infomediaries" on - **line**. Infomediaries are **Internet**-based marketplaces that bring together similar businesses and their products. According to Gary Craft, an analyst who covers technological developments in **financial services** for San Francisco-based BancAmerica Robertson Stephens, such forward-thinking companies might actually solve the problem of how to effectively sell

insurance **on - line** by bridging the gap between insurers' traditional sales channels and the **Internet**, where few insurers have attempted to sell their products.

"As we move to a more electronic-commerce driven **financial** services industry, we need to find ways to support brokers and **agents**, not scare them away," said Craft.

At present, of the would-be insurance aggregators that are hanging out their shingles **on - line**, most are limited in their capabilities, said Craft. Too few are failing to link up the new **Internet** sales channel with insurance firms' existing **agent** and broker sales channel, he said. As a result, many are sidelining their brokers.

But...

...in the benefits area.

Based in San Jose, Calif., Benelytics (www.benelytics.com) is an **Internet**-based aggregator and distributor of analytic tools and information about benefits and health care products. The company operates the "Broker Exchange" **on - line**, a system that provides product information to group health brokers.

"Benelytics is the first mover entertainment sales on the **Internet** is a tiny gnat in comparison to the potential size of the employee benefits market...

...selling the insurance product, but may also refer an employee benefits manager to the company **Web** site for more information. And in addition to consumers receiving a value-added service, brokers can **secure** new customers from speculative visitors to the Benelytics **Web** site, which includes detailed insurance information and investing tools. "So using the Benelytics channel, brokers...

...their customers," said Craft.

Other Infomediaries

A number of other companies are establishing infomediary strategies **on - line** for insurance products; only a few are joining brokers with their **Web** sites. Most are acting as marketplaces for insurance products. Analysts say that although these companies don't have same advantages as Benelytics, they do succeed in using the **Internet** as competitive marketplace for products.

One such start-up, San Jose, Calif.-based insurance provider eHealthInsurance.com (www.eHealthInsurance.com), recently launched its **Web** site, which enables consumers to access information about health insurance, obtain free rate quotes, complete enrollment applications and purchase health insurance products over the **Internet**. At present, eHealthInsurance.com only sells health insurance to the California marketplace, but plans to...

...in 1996 by Jim Clark, co-founder of Netscape, the company aims to "leverage advanced **Internet** technology to connect all participants in health care," and hopes to eventually connect insurers with...

...that its service will eventually reduce the cost of health insurance, because companies using their **Web** site as a sales channel will pass on the savings made from doing business **on - line** to the investor. And competition between numerous companies offering products on the **Web** site will also force costs down, according to Healtheon.

"If you are only selling your own products **on - line** you usually can't compete," said Alex Stein, an analyst at Concord, Mass., based consulting ...

...range of products and research information, have the potential to become a prime location for **on - line** insurance sales, because they offer products from a large array of vendors. "These infomediaries could soon become the **Internet** malls for insurance products," said Stein.

But Stein also said that to a truly succeed **on - line**, Healtheon and

eHealthInsurance.com should follow Benelytics' lead.

"The full-service brokers are looking to use the **Internet** to advise **clients** and support the broker- **client** relationship: the insurance industry needs to do the same thing," said Stein. "As long as 99% of your sales go through brokers it's a bad move to **risk** alienating that sales channel," he said.

And analysts also say that infomediary strategies could have positive repercussions in the world of **on - line** insurance. By lowering costs and offering better selection capabilities, more people than ever can potentially sign up for insurance. A significant victory for the insurance industry **on - line**.

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00032323

NACHA'S RULE CHANGES REFLECT INTERNET PAYMENT GROWTH ACH To Be Backbone Of Corporate Internet Payments
CORPORATE EFT REPORT
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NACHA'S RULE CHANGES REFLECT INTERNET PAYMENT GROWTH ACH To Be Backbone Of Corporate Internet Payments

TEXT:

...has learned. But perhaps the most significant factor in the report is the role the **Internet** will play in the automated clearing house (ACH) system.
NACHA is releasing its rule recommendation...

...and how soon the industry can comply with it.

"NACHA's report clearly shows the **Internet** is the backbone to the corporate payments industry," says Cliff Condon, an analyst with the...

...s new rules are proof that NACHA is preparing for increased volume in standard and **Internet** ACH transactions.

It also shows that the payments industry is moving towards creating same-day...

...behind NACHA's Vision 2000 Report are to keep ACH volume a low-cost, low- **risk** , high-quality and reliable payment method. NACHA officials say the recommendations will allow institutions to:

- * Reduce bank operating costs substantially;
- * Mitigate **risk** associated with payment clearing and processing;
- * Create new fee income opportunities;
- * Attain a role in **Internet** -based electronic commerce for banks;
- * Replace checks for many point-of-sale and bill payment transactions;
- * Create new services for customers; and
- * Improve security and reliability.

Digital Signatures To **Secure Internet Payments**

NACHA's work groups are responsible for the initial stages of many of the recommendations. Its **Internet** group is working on

supporting the use of digital signatures and certificates to authenticate **Internet** -based payments and develop authorization capabilities for **Internet** transactions. Two **Internet** group members, Pittsburgh-based Mellon Bank [MEL] and San Francisco-based Bank of America [BAC] are piloting how to implement digital signature and certificate technology for corporate **Internet** payments. NACHA also is considering new rules for ACH **network** -settled spontaneous **Internet** purchases.

Other Rules Involve Coordinating Checks With ACH

While NACHA eventually would like to see...

...how checks
and ACH can work together.

One NACHA recommendation is to tie the ACH **network** into existing bank databases. The database would include information on checking accounts that are active...

...reduce risks in check-to-ACH programs, NACHA says.

Also, NACHA is creating rules for **financial** institutions that will use a check as a source of information to create an electronic border payments such as direct deposit, direct payment and **financial** electronic data interchange (FEDI). These payments can be made with as much ease as domestic...

...fields in the same way.

NACHA's goal is to make cross-border payments reliable, **secure** and inexpensive.

EFT '99 Mandate Taken Into Consideration

NACHA is implementing a rule change on...

...rule change should ensure an increase in same-day payments and also is beneficial to **Internet** -initiated payments since they also will settle on the same day when using the ACH **network**.

Another rule change will make it easier and faster for corporations to sign up for...

...make it
clear that NACHA is beefing up its rule enforcement.

For example, if a **financial** institution is found in violation of a NACHA rule several times and has done nothing...

...every three years. A national directory of certified service providers will be available so that **financial** institutions can ensure they are conducting ACH transactions with eligible partners. [Look for future coverage...16, 1997. The agency seeks comments on these issues:

* A definition of an "authorized payment **agent** ." For example, what types of non- **financial** institution entities will be able to offer access to federal government electronic payments and under...

...1996 if
the electronic payment would cause hardship due to geographic barrier or physical disability.

Financial Management Services (FMS), an arm of the Treasury, will begin a national education campaign and...

20/3,K/11 (Item 9 from file: 267)
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00028715

Internet Services, Towards the plug 'n' play bank

Euromoney

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Internet Services, Towards the plug 'n' play bank

TEXT:

Financial web sites are no longer little more than electronic advertisements. **Investment** banks want to offer their **clients** meaty services - pricing models, account-management tools, databases of trades, perhaps even real-time trading. Security is a declining problem but there are still bandwidth limitations to contend with. However, at least one bank reckons it can reduce its own costs if **clients** can get straight to data rather than deal with customer services. Andy Webb reports. Although the **financial** community has been quick to embrace the **Internet**, two major handicaps are impeding fuller use of it - security and reliability. Most banks have moved beyond putting simple brochureware on their World Wide Web sites and are publishing their research as well. The next step in the process - about...

...medium for transactions.

This is where progress is beginning to hit a wall. Although the **private** - **client** groups of many banks already offer **on - line** share dealing and other transactional services, banks have been reticent about extending these to the corporate and institutional level. **Internet** security has been substantially improved in the last few months, but public perception that this is the case is still lacking. The news that the latest version of Microsoft's **Internet Explorer** web browser software contained a bug that could enable an outsider to break into its user's computer or **network** created the sort of headlines that tend to stick in **clients** ' minds.

Near enough is not good enough, particularly for banks - security needs to be absolute. The **Internet** is also afflicted by a large number of users who regard security measures as a...

...round them, not a benefit. The hackers who managed to break into the CIA's web site and make embarrassing adjustments to the graphics were a striking example.

Since the **Internet** is a commonly held asset, its reliability (or otherwise) is also hard to attribute to...

...have to compete with applications that do. Who, for example, is liable for a vital **trade** that is squeezed out by the youth of America hogging bandwidth to play Star Wars?

Morgan Stanley has been publishing equity and fixed-income research for **clients** on its web site for some time. "However, we see it as a much bigger opportunity than just...

...in Morgan

Stanley's New York office. "We've created a firm-wide vehicle, called **Client Link**, which enables us to deliver an integrated range of services (both product- and application-based) to our **clients** on a customized basis. Though we've been rolling this out on a selective basis...we'll be expanding it quite dramatically later this year. A key point is that **clients** can specify exactly what they receive, so the whole process is **client** -centric, rather than Morgan Stanley-centric."

Morgan Stanley's customized service goes well beyond providing straightforward data and research. A range of tools, from portfolio **accounting** to more sophisticated **risk** and basket portfolio analyses, will be released in the next few months. Although the bank has offered **clients** these types of application for some time, they have previously only been available to run...

...them

platform independent, the bank will be doing more than just make them readily accessible. **Clients** will be able to run the applications of their choice remotely while these remain resident on a Morgan Stanley **server**. As any processing is done remotely from the **client**'s machine, the amount of data being transferred across the **Internet** is kept to a minimum.

Smaller applications, and others that do not warrant remote processing, can be downloaded from the Morgan Stanley **web** site and run locally on the **client**'s own hardware. The **Client Link** interface gives the bank the flexibility to decide which route to take on a...

...is that

eventually all proprietary applications will be ported over to be available via the **Client Link** interface, which (apart from personal contact) will be the principal channel of information and communication between Morgan Stanley and its **clients**. As smaller applications that **clients** are likely to run locally on their own machines also tend to be more widely **distributed**, **Client Link** also makes the task of providing software upgrades to **clients** considerably less onerous. Rather than mailing out hundreds of diskettes, upgrades can either be e-mailed or downloaded from the **web** site.

The development of the **Client Link** software has enabled the bank to address the **Internet** security issue by building stepped authorization levels into the base architecture. "Depending on the sensitivity of the information that **clients** are accessing, they will need to go through certain steps," says Turner. "These range from..."

...there are other principal reasons why it does not make pricing models available on its **web** site.

"We have a very complex set of **client / server** tools that our **clients** use to do such things as manage their defined benefits accounts and to look at..."

...custody information",

says Eric Staffin, product manager for information delivery in the GIS group. While **Internet** development tool kits are almost robust enough to allow for the real-time interactivity that our

clients need to manage their accounts, a good number of these **clients** lack the bandwidth and/or level of **Internet** access required to conduct business properly in (or near) real time. When a **client** needs to reclaim a \$10 million Fed **trade** three seconds before a deadline, the last thing they want to worry about is whether they can connect to us through their **Internet** service provider - they don't have these concerns today."

The limited **client** appetite for the **Internet** is another factor that is driving Bankers Trust's approach. At **client** advisory board meetings, **clients** have indicated that this is not a place where they are ready to do business - yet. "While we need to be ready to offer **Internet** -based services when they are, we can't afford to step back from what we have already achieved for our global **clients** ; **online** , real-time, 24x7 information delivery," says Staffin.

A new part of Bankers Trust's business that has started from day one with its own **web** site is the inflation-linked capital markets group, headed by Brad Prout. In view of...

...development, will enable users to include inflation projections and sensitivity analysis around the duration and **risk** measures of inflation-linked securities compared with conventional fixed-income securities.

Given the size and nature of its **clients** , the sophistication and complexity of Bankers Trust's foreign exchange business **web** site offering has taken an out-of-the-ordinary tack. The approach has been to maximize the visual possibilities of the **web** in delivering solutions that are tailored closely to the individual **client** . Multimedia will be a part of this - **clients** will ultimately be able to watch video clips of analysis prepared specifically for them. However...

...the site as part of its strategy, preferring to focus instead on suggesting specific customized **client** solutions. It also remains lukewarm about the potential for **online** **trading** as a concept for large institutional **clients** .

Although security and the paucity of available bandwidth are commonly regarded as major obstacles to conducting large-scale **financial** transactions on the **Internet** , Steven Hargreaves, vice-president of **Internet** services at Bankers Trust, believes they are not the core issue. "The main problem is liability. If one sends a message via the **Internet** , one doesn't know who's carrying it. It could be traced, but that's...things break down." Behind double-locked doors

Technical issues aside, Hargreaves is struck by the **Internet** 's potential to fundamentally change the way in which the **investment** banking industry does business. "At present, vast sums of money are spent on building information...

...doors in a data centre surrounded by customer service personnel. These personnel then respond to **client** requests for that information. What the **Internet** enables us to do is to put those information assets on the outside of the...

...business where people are adding value. That connectivity to our core systems is what the **Internet** is all about, putting the bank **on - line** . Ultimately creating the "plug 'n' play' bank."

In general, CSFB has reached the brochureware/research...

...groups within the bank have already moved beyond that. The equity group is using its **web** site to advise institutional buy-side investors of its inventory level, while the equity research arm has deployed earnings models in spreadsheet form that **clients** can use to test the impact of changing model assumptions.

CSFB, like Bankers Trust, is likely to be taking advantage of the visual possibilities of the **Internet** by releasing multimedia applications. The bank has already deployed video clips for internal information on its intranet and the corporate and **investment** banking group in particular is now preparing to extend this to provide **client** advice on its section of the **web** site. CS **Financial** Products has made a determined push for the Japanese market by producing a Japanese-language mirror version of its US/European site. The US/European site allows **clients** **secure** access to prices of fixed-income products updated every 10 minutes. A new portfolio access system should also appear soon.

Apart from security, another factor slowing **investment** bank activity on the **web** is a general reluctance among banks' **clients** to provide their staff with **Internet** access. This was remarked upon by several banks and broadly divides into two aspects. One... ..and use it to view or download "unsuitable" material. Those institutions that have given staff **Internet** access often couple it with draconian security policies. Apart from physical security measures, such as proxy **servers**, these include close "over the shoulder", pain of dismissal surveillance.

One of the largest institutional **clients** in the business to allow staff **Internet** access without such heavy-handed supervision is Fannie Mae. Access is allocated on a "need...vice-president of technology, sales and marketing.

Fannie Mae has made extensive use of the **Internet** for marketing since it established its **web** site less than two years ago, recording more than 6 million hits in that time. Like **investment** banks, it has the opportunity to reduce communication costs substantially by using the **Internet**, but its biggest potential project is still in the pipeline. Fannie Mae currently supports its own proprietary **network** called Mornet, which provides **secure** communication and transaction processing to some 6,000 participants - typically mortgage lenders or their **agents**.

Conley is keenly aware of the potential of the **Internet**, but also recognizes the potential risks. "It's not into industrial strength yet in terms of delivering **secure** communications to our customers", he says. "However, we are already preparing the groundwork for migrating Mornet to the **Internet** by developing a new range of browser-based applications that will be able to run on either **network**."

A technology that Fannie Mae (among others) is watching with interest is satellite delivery. This could address both the security and capacity issues of the **Internet** for the **financial** community. It has recently gained a considerable credibility boost, with the news of the \$9...

...will eventually put into orbit 288

low-level satellites that will provide global high-speed **Internet** coverage.

A number of existing systems give an insight into the potential of the method. A conventional **Internet** link is used for the up-channel, for example, delivering a **client** message requesting a full portfolio **risk** analysis by the bank. The required data are then routed via a **secure** ISDN or T1 link to a local **network** operating centre (at present typically operated by a third party) for satellite transmission directly to the **client**.

The bandwidth available over the satellite part of the link is enormous, so banks will not only be able to transmit large and complex transaction histories or portfolios to **clients**, but also real-time video clips of analysis. Security is highly sophisticated, being based on...

...to fall well below \$200 over the next year or so.

DigiPass cards

Though some **investment** banks have had **web** sites up and running for three or four years, the pace of development has been...

...Stott, BZW's manager of markets IT. "We will be making our research available to **clients** on our **web** site by the end of July, with **client** -specific real-time data and transactional information to follow. A number ...currently being tested on the bank's own intranet prior to being deployed on the **web** site. Items such as pricing models will definitely be available **on - line**, as **clients** have made it clear that this is what they want. We are aware that BZW...

...SE-Banken was one of the first banks to provide electronic transaction facilities for corporate **clients** and institutions and already publishes research on its **web** site, it has opted to start its **Internet** strategy from the **private - client** end of its operations. However, the take-up of its services in this area will stand the bank in good stead if it moves towards providing transactional services to larger **clients**. Part of this has been its adoption of DigiPass cards that generate one-time passwords to allow **clients** access to their accounts. The demographic profile of the users adopting the service has proved...

...vice-president and head of business development. "It's been our most affluent, generally older, **clients** who represent the bulk of the take-up."

Since many of these more affluent **clients** also have responsibility for corporate or institutional business with SE-Banken, their experience with the **private - client** service is likely to make them more confident about security when they come to address it in a professional capacity. However, in the case of the largest **clients**, this may not happen for some time as the bank already has a large **private** electronic infrastructure devoted to them.

Lindqvist is relatively relaxed about the question of security. "It...

...more people's perception of it. When we researched all the

possibilities while developing our **Internet** strategy, we felt that the security risks were actually quite manageable, but you nevertheless have to respect **clients** ' concerns over this."

Macquarie Bank in Sydney made an early start with its **Internet** activities. The first steps were taken in late 1994, with momentum gathering throughout early 1995. By March of last year, Macquarie was publishing its equity research on its **web** site.

As one of the largest futures broking operations in Australia, it has also recently launched browser-based applications in this field aimed at institutional **clients** . "We deliver a lot of information to futures-broking customers through a piece of software...

...the administrative overheads of position management for them."

Rather than deploy this application across the **Internet** , for additional security Macquarie has provided a purpose-built **extranet** for its **clients** . In order to access their accounts, **clients** are provided with cards that use a digital encryption technology similar to that used by...

...bank has a number of innovations in the pipeline, it is unclear whether moving this **client extranet** onto the **Internet** is one of them. Macquarie staff do not come across as **Internet** enthusiasts. "While there is considerable enthusiasm within the bank now that people have seen what the technology can do," says Scott, "I think the decision whether to use the **Internet** for a particular application has to be pragmatic. If it can deliver something that we...

20/3,K/12 (Item 10 from file: 267)
DIALOG(R)File 267:Finance & Banking Newsletters
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00025103

Fidelity's Move into Insurance Sales Turns Up Heat on Web -phobic Insurers

Investment Dealers' Digest

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Fidelity's Move into Insurance Sales Turns Up Heat on Web -phobic Insurers

TEXT:

Study: Up to 80% of insurers haven't figured out the **Internet**

Fidelity Investments' announcement last week that it will begin selling term life insurance over the phone and on its **Web** site turns up the heat on the U.S insurance industry.

To date, insurance companies have lagged the rest of the **financial** services industry in their use of the **Internet** to sell directly to consumers. Fidelity's move makes it clear that if insurance companies aren't willing to use the **Internet** aggressively, brokerages will do it for them.

"Nobody makes a whole lot of money on term [life insurance] anyways," says Gil Irwin, a partner in the **financial** services practice of Booz-Allen &

Hamilton. "But if they can broaden the spectrum of what...

...The insurance industry, unlike the mutual fund industry, has been tortoise-slow to use the **Internet** as a marketing tool.

Nonetheless, a recent report from Forrester Research estimates that first-year premiums generated **online** will reach \$1.1 billion, or 6.8% of term life, homeowners, and **auto** premiums, by 2001 (see related story in news).

Insurers' situation is analogous to that of...

...but with a twist. Like brokerage firms, insurance companies fear that selling products over the **Internet** will undermine their salesforce. Unlike the brokerage firms, however, insurance companies don't have large

...transactions, so they don't stand to save much money by moving transactions to the **Internet**. And since some insurance **agents** sell policies from multiple companies, insurance execs worry that if they start selling policies over the **Internet**, "their" **agents** will switch to selling somebody else's products.

Irwin sums up their dilemma. "You can...

...someone else do it," he says. "You have to be willing to go with the **risk** at some level."

Other **financial** service providers are pressing the issue. The advent of home banking, for instance, has trained customers to expect certain services over the **Internet**, and observers say gaining market share will depend upon catering to this growing crowd. "You're hard pressed to say you're going to find new consumers in the **auto** insurance industry," says Steve Aldrich, president of Insuremarket, a **Web**-based insurance "mall."

Few insurers even use the **Internet** to offer quotes; those that do have likely chosen ...example, offers quotes and policies from seven life insurers now, but plans to expand to **auto** insurance, homeowners', and even small business insurance.

Irwin claims that 75% to 80% of insurance companies haven't figured out how the **Internet** fits into their business strategy, and a recent study he conducted at Booz-Allen & Hamilton bears him out. According to the survey respondents, insurance companies' plans for the **Internet** are not well-aligned with customer demand. Consumers say they want insurers' sites to offer...

...63%) and policies (58%). Insurers have other ideas: 70% said they plan to offer more **agent** information on their site by 1998, but only 32% of customers say they're interested. As for the services consumers do want through the **Web**, only 26% of insurance companies plan to offer quotes by 1998, 37% plan to allow...

...changes.

Meanwhile, brokerages and banks will continue to trawl the insurance market. First Union provides **online** quotes and applications for term life insurance, and Merrill Lynch owns an insurance subsidiary. And Lombard, an **on-line** discount brokerage purchased by Dean Witter last December, started using QuickQuote to offer insurance quotes...

20/3,K/13 (Item 11 from file: 267)
DIALOG(R) File 267: Finance & Banking Newsletters
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Allianz, Not the "spider in the web"

Euromoney Magazine

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LANGUAGE: ENGLISH

WORD COUNT: 822

RECORD TYPE: FULLTEXT

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Allianz, Not the "spider in the web "

TEXT:

...years?

The papers are writing about all sorts of scenarios: sometimes they call us the " spider in the web ". We have always clearly said that Allianz does not make industrial policy (marshalling powerful shareholdings...

...particular industry).

That's to say, when we are invested in a good industrial or financial corporation it is because we trust the management. We do not think ourselves smarter than...

...can improve shareholder value, then we will be very open. But we are not the spider who is all-organizing and thinking that in every field where he is invested, he...

...cleverer than the managers he trusts to achieve shareholder value.

Do you think there are spiders in the web in corporate Germany?

No, I don't think so. Even though we have this narrow market which does not correspond either with GDP or with the investment volume. But I can tell you that even in the corporations where we have 10% or 11% or 8%, no risk -manager would place his insurance with Allianz if we could not offer the best productreal value for the public or shareholders. If you go into the trading portfolios, and out of a portfolio of more than Dm300 billion you have to publish...

...Dm100 million, this information is of no value. Apart from that, the whole topic of transparency was pushed by him.

Do you think shareholder value has been misinterpreted in Germany? We...

...For me, it is not a choice between the two. I think that with growing transparency , shareholder value will be a lasting topic and that we will adopt the Anglo-Saxon...
?

Search Report from Ginger D. Roberts

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2/3,K/1 (Item 1 from file: 275)
DIALOG(R)File 275:Gale Group Computer DB(TM)
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01785215 SUPPLIER NUMBER: 16913043 (USE FORMAT 7 OR 9 FOR FULL TEXT)
BGS MOVES PERFORMANCE TOOLS TO DIGITAL UNIX, NT AND PROMISES ADDITIONAL
NETWORK TOOLS THIS YEAR.

Search Report from Ginger D. Roberts

Computergram International, pCGN05220015

May 22, 1995

ISSN: 0268-716X

LANGUAGE: ENGLISH

RECORD TYPE: FULLTEXT

WORD COUNT: 533

LINE COUNT: 00046

TEXT:

...AS/400 tools to the impending OS/400 for PowerPC release, and is readying additional **network** tools, also for later in the year. Best/1 for Unix includes real-time monitoring...

...OpenView Tivoli and other management frameworks. Best/1 for Unix comes as a single configurable **agent** and three packages that can be used stand-alone or in mixed Unix environments-Best...

...400, OpenVMS and other proprietary systems. The monitor comes with real-time alert and display **subagents** for problem detection, analysis and resolution. It issues Simple **Network** Management Protocol traps to **network** management frameworks. The Best/1-Visualizer provides an integrated database for examining performance and capacity...

...is also part of BGS's proprietary implementations. In September the company will feed new **network** system and applications tools into Visualiser on all platforms-including a version for Windows NT...

...1-Monitor for it. It expects NT revenues to begin to kick in its next **financial** year which starts at the beginning of 1996. Unix income now accounts for some 20...

...complete system supplier. Best/1 console fees begin at around \$50,000, a managed server **agent** costs some \$5,000.

?

5/7/9 (Item 2 from file: 75)
DIALOG(R)File 75:TGG Management Contents(R)
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00213596 SUPPLIER NUMBER: 20545930 (THIS IS THE FULL TEXT)
Mind over matter. (electronic commerce and knowledge economy) (part one)
Thompson, Don; Mehta, Maneesh; Schaffnit, Tom
Ivey Business Quarterly, v62, n3, p26(6)
Spring, 1998

TEXT:

Technology is driving us from a material to a knowledge economy and changing our understanding of product value in the process

Technology has only just begun to affect the way we do business in North America and around the world. Now, a better understanding of its potential impact is needed to prepare for the future of business transactions.

Our economy has been materially based since before the Industrial Revolution so it will take some rethinking to recognize the diversity and value of products that will soon be available through electronic commerce. There is amazing potential for rapid growth in this sector. However, the parameters of our material economy confine our ability to identify the scope of that potential. The context of the knowledge economy provides fertile ground for consideration of the diverse possibilities and likelihoods of electronic commerce.

EVOLUTION TO THE KNOWLEDGE ECONOMY

We have just begun the limited precursor stage to the eventual knowledge economy where the material worth of products will be increasingly devalued relative to their information content. Some physical products such as television sets or automobiles, will remain important for the sustenance associated with the physical needs of people. As will the agriculture and housing industries - after all, we can't eat software! However, Davis and Botkin (1994) warn us that "Over time . . . the importance of the information increases, until the value added by its content outweighs the value of the original business itself."

The information content or "soft" portions of products are becoming increasingly important. The software that makes personal computers useful, the music content on an audio compact disc, the movie recorded on the VHS tape, or the intelligent systems that control a modern automobile's operation are increasing percentage components of the overall value of the final product. As well, new knowledge-based products and services that have no additional "hardware" components are becoming important to customers - for example, new entertainment channels on existing cable **network** received on existing television sets.

As society becomes more dependent on the storage, flow and manipulation of information for the intrinsic functioning of political, social and economic systems, resources to support these activities will expand rapidly. Thus, the "material" economy as a proportion of the overall economy will decrease as the knowledge economy grows rapidly.

The expenditures of major corporations already reflect this trend. Over the past decade, the chief information officer (CIO) position has escalated from a technical operational role - for example, being a technical assistant to the voice **network** manager, or functioning as chief systems engineer - to being one of the most important and strategic executive roles in a modern organization.

A similar emphasis on information handling is apparent in small- and medium-size enterprises. Enhanced desktop processing and storage power, in conjunction with extremely capable applications programs and advanced communication, have enabled sophisticated information handling. Technology helps public sector organizations to streamline bureaucratic processes and as this trend rolls out into the general population the knowledge economy will be realized.

THE KNOWLEDGE WORKER

Knowledge workers play a different role in the economy from other workers. A knowledge worker works with information elements and processes to create higher value information outputs. Capital investment in plant and equipment can leverage an industrial worker's "labor." However, a knowledge worker is assumed to be nearly fully leveraged from the beginning, due to the relative low prices and ready availability of computer processing power, information storage and **network** communication. This leverage situation for knowledge workers places a premium value on the skill, knowledge, intelligence and communication capabilities of each worker.

An effective knowledge worker can address a "nonstandard" project or issue by:

- * quickly locating relevant information;
- * effectively adopting or constructing a framework for synthesis and analysis of the information;
- * applying sufficient "brainpower" (knowledge and intellect) to complete a creative analysis/synthesis; and
- * effectively formulating and communicating the solution or other desired output to appropriate recipients.

An emphasis on skill, knowledge, intelligence and communication capabilities of each knowledge worker has created recruitment policies within knowledge-based industry segments, such as software development or technical management consulting, that stress "hiring talent," or attracting and retaining creative thinkers. Bill Gates said in his book, *The Road Ahead* (1996), "Just keep hiring smart people as fast as you can . . . and I'll tell you when you get ahead of what we can afford." This trend is likely to extend into new industry segments well beyond the current focus on technology-related fields.

As computers have become more powerful and easier to use, this trend will increasingly include more nontechnical fields in the knowledge economy. Adding new fields of endeavor will demand more knowledge workers. As more people accomplish their vocational objectives with **network** computing they will apply these tools to their avocational and personal uses. This will facilitate the consumer sector's rapid growth in the knowledge economy.

VIRTUAL ENTERPRISES

Enterprises will use the tools of the knowledge economy to alter fundamentally the organization and operation of the enterprise. Product service life cycles are being severely compressed; new opportunities arise daily and demand immediate action; customers are demanding product/service customization down to the level of the individual customer; and, relevant public sector policy and regulation are in a state of continuous flux. This accelerating pace of change demands highly flexible, responsive organizations. Within this set of conditions, it is very difficult to completely staff an organization with the right full-time employees to meet present, immediate future and longer-term needs.

In addition, the technological leverage of **network** computing can flatten the hierarchical structures of organizations, so that peripheral organization processes are either eliminated or minimized. Very different parameters for economies of scale of organization size are created - even now an organization of less than a handful of full-time people is able to operate an effective global knowledge-based business.

Major corporations are already restructuring to focus on their core competencies, and out-sourcing other activities to other organizations that specialize in those particular activities. This situation can result in virtual enterprises, in which a small core group plans, organizes, controls and directs the enterprise using mostly external personnel and resources. A virtual enterprise approach greatly increases the flexibility of an organization. It also creates opportunities for other enterprises to focus on providing the services that will be outsourced. This **network** of interconnected knowledge-based enterprises will greatly increase the ability of included enterprises to respond rapidly to changing technological, competitive, market and regulatory conditions.

ELECTRONIC GOODS AND SERVICES

Knowledge-based enterprises will be providing electronic goods and

services. Many intangible products provided in a paper-based format are being converted to a totally electronic format. Included in these products are insurance, financial services, published music and newspapers. The content of electronic goods and services are already well established for consumers - the music on a compact disc, the game on a cartridge, or the movie on a VHS tape as examples.

Carriage is another well-established category of electronic services - examples include telephone access connections and the **network** connections of **Internet** service providers. As the physical connections and terminal equipment become increasingly digital, the content will also be available in digital format. This will eliminate the need to distribute electronic goods and services in physical packages. "In a sense, music could become the first major packaged product to make the fabled transition from atoms to bits. That's a scary concept to those with a heavy investment in atom-based commerce," says Don Steinberg in *Wired* (1997).

In the resulting all-electronic knowledge economy, it becomes much easier for an individual knowledge worker, or a knowledge-based enterprise, to add value to existing information "packages" and address a higher value market with the resulting product. Tim O'Reilly points out in *Communications of the ACM* (1996), "No one has to do it all, and there are opportunities for many players to work together, each making a profit by performing services in a value chain. . . ."

As a much wider range of generic programs becomes available, and value-added development becomes easier to accomplish, third-party developers will undoubtedly create a plethora of new electronic products targeted toward very specialized markets. Generic programs then become more useful and accelerate the entire process. Such a positive reinforcement cycle leads naturally to the prediction of a rapid growth spiral for electronic goods and services.

PUBLIC CYBERSPACE

Public cyberspace represents the portion of electronic goods and services that are freely available to the public. Presently, this would include the World Wide **Web** and all broadcast entertainment. The present contents of public cyberspace, however, are only the very initial portion of what is expected to develop over the next decade. In *Chief Executive* (1995) Patricia B. Seybold warns managers, "There are no secrets in the knowledge economy. Your strategic advantage is based on contributing to and building on collective knowledge and wisdom."

Information overload is a common occurrence when conducting a **Web** search. Thousands of references can be returned for a single query and if video and other multimedia information is added to the overall information base, the search characteristics only become more difficult. Better organization of information is one possible solution for this situation, however, the rapid growth and changing nature of information in public cyberspace will make this a difficult task. Another potential solution is substantial improvement in searchengine design. This approach may yield positive results, but is unlikely to provide a complete solution.

With a rapidly growing population of users as the knowledge economy reaches fruition, and rapid changes in the organization and presentation of information, some degree of confusion and disorganization is likely to prevail in public cyberspace.

VIRTUAL COMMUNITIES

Virtual communities can be built to confine free exposure to public cyberspace to a more manageable level, one that is more conducive to the specific requirements of each different virtual community. For example, a virtual community may form around people who are interested in hot air balloons. The **Internet** discussion groups are the early indicators of the broad range of topics that might attract a suitably large audience to establish a virtual community. Of course, a single individual is likely to have multiple interest categories, and could belong to many virtual communities.

Organizational intranets already represent one approach toward establishing enforced virtual communities within a single organization. The

information accessible on the intranet represents both public and private information selected to be of interest to those members of the organizational community. John Chipinger in Planning Reviews (1995) believes "... it will become increasingly possible to capture and leverage much of the natural, formal, and incidental knowledge and expertise of a company."

The future importance of virtual communities can best be appreciated in terms of the information filtering capabilities of the community - its ability to maintain a different view of cyberspace than that provided in public cyberspace. For example, a virtual community could be conceived to meet early childhood educational and entertainment needs. Such a community could enforce a rigid nonviolence and nonsexual content standard upon all educational and entertainment information that would be accessible through the virtual community **network**. As well, quality standards and grade-level ratings could be maintained for all educational content. Information in virtual communities could represent both a limited view of public cyberspace and private information enhancements that are not available in public cyberspace. Membership in virtual communities is likely to be predominately voluntary, but, as with assignment of children to the childhood education and entertainment community described above, may also be nonvoluntary.

INDIVIDUAL (PRIVATE) CYBERSPACE

A more extremely limited version of the virtual community concept is the community of one. With information overload becoming the norm for full contact with public cyberspace, a limited view of public cyberspace is likely to be the most useful approach for each individual. This private "cloud" of information will be **network**-based, and will, therefore, be portable and accessible to the appropriate individual through a variety of generic **network** access terminals.

Presently, a user can configure a specific terminal to present a particular choice of parameters, bookmark **web** sites on terminal-specific browser implementations, store information in terminal-specific or local **network**-specific storage devices, and order point-of-access-specific **network** communication service with a particular set of service features, such as telephone service with call waiting, speed calling list and caller name and number identification. Within the next decade, this profile of customer preferences and information can become **network** portable due to intelligent **network** implementations that associate customer information with the appropriate customer whenever and wherever that customer accesses the **network**.

With proper security measures, this **network**-based private cyberspace can become the repository of, for example, all financial and health information associated with each individual. The proper security measures are likely to include intelligent **agents** that vigorously protect against the release of private information to unauthorized entities and can expedite the release of information to appropriate entities. For example, an intelligent **agent** associated with an individual's **financial functions** may contact an intelligent **agent** from the individual's bank and communicate a recent transaction that will change the individual's savings account balance. The two intelligent **agents** described in this example would continuously work together to ensure that the individual's records of account transactions and balances are in complete agreement with the bank's records. This type of interchange could occur in background mode, without requiring conscious attention, unless an exception condition was encountered.

In the area of information content in individual cyberspace, such news filtering services as PointCast illustrate, in a preliminary way, how just the news of interest to a particular individual can be delivered to that individual's cyberspace. This technique will be particularly useful for targeted advertising. An individual's gatekeeper intelligent **agents** may be instructed that the individual is interested in a new car, and to gather information about new or used cars that fit the desired budget, performance and other criteria. A car dealer would want to ensure that his or her

information was very helpful and readily accessible to the searches of such intelligent **agents** .

Individual access to private cyberspace will be accomplished through a variety of terminal devices and **network** access arrangements. Each different terminal/access configuration will offer a different "window" into an individual's private cyberspace. Personal Digital Assistants (PDAs), for example, may only provide an audio and text window, while a wall-sized, high-definition video display may provide multiple video and multimedia windows into an individual's private cyberspace. The same terminal/access may subsequently provide such windows for other individuals into their own private cyberspace.

FROM CYBERSPACE TO CYBERBANK

Given the previous aspects of the knowledge economy, we can begin to see how our concept of what constitutes a product is changing and how the content of that product affects its value over time. Managers must take this change seriously. As we hurtle toward the knowledge economy, electronic commerce steps into the spotlight as the perfect associate.

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5/7/10 (Item 3 from file: 75)
DIALOG(R)File 75:TGG Management Contents(R)
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00206980 SUPPLIER NUMBER: 20219182 (THIS IS THE FULL TEXT)
The changing world of management accounting and financial management.
(includes related article on Project Millennium)
Anastas, Mike
Management Accounting (USA), v79, n4, p48(3)
Oct, 1997

TEXT:

Will we recognize our profession 10 years from now?

Imagine that you have just entered a time capsule that transports you to your office as it will look in the year 2007. The controller is video conferencing with the company's director of operations in Central Europe. They are discussing various cost management strategies based on information they see on their computer screens.

As you observe the sparsely populated offices, you notice several video conferences taking place among on-site staff and managers working at home or in other far-flung locations. Participants are discussing the successful use of electronic data interchange and straight-through processing and are making decisions based on sales and production activity information that is updated instantly on their PCs.

You already know or have witnessed how much management accounting and financial management have changed in the last 10 years, but you couldn't have predicted all the changes you see in your office of the future. Every executive is conducting business on the **Internet**, accessing instant snapshots of accounting and financial data on their laptop computers as they manipulate various business scenarios and send results around the globe as only the most progressive companies do now. Also, electronic data interchange will be the standard rather than the exception, and straight-through processing will create strategic alliances between vendors and customers at every level of production.

These are among the images and predictions from Project Millennium, a qualitative market research project we conducted for the Institute of Management Accountants earlier this year (see sidebar, p. 50). Participants in the research envision major changes in the responsibilities of accounting and financial managers as well as the work they do and the equipment they use. They also predict that there will be fewer management accountants, but they will be at more senior levels in the corporation. And they will share more in decision making for their companies along with other members of their cross-functional teams.

Some participants in Project Millennium tagged the management accountant and financial manager of the future an "internal consultant," someone with the curiosity and flexibility to change and motivate others to change. These internal consultants will add value by helping their organizations find ways to stay profitable and keep ahead of the competition.

Management accountants and financial managers of the future will be expected to have command of the latest information technology software as well as an overall understanding of the business. To be successful, they will be proficient in communicating ideas through written form and verbal presentations. Performance reviews in the future will be based on the ability to analyze information and situations and make decisions that drive the business rather than the ability to measure the business. The key will be their ability to stay ahead of change.

FEWER BUT MORE SENIOR PEOPLE

IMA members and other leaders in the industry predict a trend for more chief executive officers (CEOs) and chief operating officers (COOs) to be recruited from the ranks of management accountants and financial managers because of an increasing emphasis on financial management and the need for people who can decipher financial data and present the results as strategic

decisionmaking...helping to lend order and structure to making the right business decisions." "Professionals who are responsible for accounting will have migrated to be more information-based strategic business advisors...The accountant has to be one of the people around the table when strategic decisions are made."

Being effective as one of the decision makers around the table means having an overview of the total business picture - beyond cost and budgets. "Management accountants with broad business perspectives will be a necessity...as integrators of all the business activities, things that are already happening, such as performance management, balanced scorecards, process improvement, ABC, ABM... because of our knowledge and role as the common denominator for business."

Management accountants and financial managers seem to welcome this new view of themselves. "We're no longer the bean counters. We're making decisions..." "We do a lot less bookkeeping and a lot more analysis and making decisions." "You don't just bring information to the table anymore, you're making decisions at the table."

In addition, the future of management accounting and financial management includes the adoption of new theories and approaches, such as strategic cost management, that require new ways of thinking. "Strategic cost management means controlling the costs of our suppliers, especially in heavy manufacturing. Not just to minimize costs but to maximize creativity, to get a better product or more functionality. The whole firm would be focused on how we can reduce costs and strengthen our position."

This shift in thinking not only will affect management accountants and financial managers who already are involved in the profession, but it will place new requirements on students preparing to enter the arena. Ideally, those coming into the field in the future will be well rounded and interested in more than fundamental skills. "Every student should have a more broad-based education...to be a more dynamic contributor to the team."

INITIATING AND IMPLEMENTING NEW TECHNOLOGY

Management accountants and financial managers will continue to be the primary consumers of new information technology in most organizations. Accounting was among the first functions to be automated with early spreadsheet programs. Consequently, accounting and finance managers generally are more well prepared than others to seek and evaluate new software. They connect the end user to the technology that accesses information. "The big success factor is realizing that accountants are information managers." Mastery of technology is seen as essential for the future. "If you don't stay current with the technology, your career is in jeopardy."

The shift from looking backward to looking forward has been facilitated by new software. "The relevancy of historical information will decline as the importance of immediate information and projections increases. And technology is the primary driver of that." "With electronic commerce and technology...it's conceivable that in 10 years you will no longer have accounts receivable and accounts payable departments. We'd be out of that business."

Some large, multinational corporations still operate MS-DOS systems on **networks**, but the average organization is operating Windows-based PCs connected by corporate intranets and the **Internet**, which facilitates electronic data interchange and straight-through processing. These new methods of data exchange make the role of management accountants and financial managers even more critical. "With our PCs we can run circles around the mainframe that was controlled by the Data Processing Department."

But the downside is that corporate accountants often complain they are being asked to produce more information with fewer people. As data go **online** for every manager to see on a PC, there is a demand for instant information. That means management accountants must produce more financial analyses, not just masses of data, so leaders can build strategies and make decisions based on more precise information. "Many more companies will be using **Online** Analytical Processing (OLAP) to go beyond the general ledger

and to slice and dice the data in all kinds of ways, such as detailed customer and sales analysis."

And management accountants and financial managers will be using sophisticated information technology to create predictive data that forecast demand, production, sales, costs, and reported earnings. For example, "We will be converting activity-based costs systems from feedback to 'feed-forward' systems so you can estimate as you implement strategies like commonality and minimum component counts."

STAYING AHEAD OF CHANGE

Most visionaries in accounting and finance believe the rate of change will accelerate as we move into the next century. Changes in management accounting and finance will require changes in the way individuals approach their work. "Employers will not be content with accountants who view themselves mainly as scorekeepers...they want people who can influence the score, not simply report the score. It's going to require a different mindset...a shift in the way we view our positions."

The shift from record keeping to strategizing and forecasting demands that individuals develop special skills to be effective. "The management accountant has to be more of a change agent and a sales person rather than just a reporter - someone who can sell the idea of what to do with the information."

By the year 2007, most organizations will be sourcing and selling around the world. "...A lot of our suppliers and customers are going to be overseas, and we better get prepared for it." "There are very few businesses out there not touched by the international dimension some way."

But many individuals feel ill-prepared to deal with the global market. "If I were starting out today, I would learn about global markets and learn a foreign language...the kinds of things you'll really be able to use on a day-to-day basis."

Another significant change in the next 10 years will be greater diversity in the accounting and finance departments. "People coming from every field you can imagine...there's much greater diversity in the workforce..."

And most companies will be using the new media and forms of communication now being used by large multinational organizations. "There will be less business face-to-face, more by e-mail and teleconferencing. Communications will have to be more effective and precise." "The Internet will play an important role in the way we educate ourselves."

One IMA member in Cleveland summed up her philosophy about change, and it seems to apply to everyone in the profession who wants to be successful and add value to their organizations. "Learning is a lifetime proposition. We should go to school to 'Learn how to learn,' to adapt and to change, not stand still..."

ABOUT PROJECT MILLENNIUM

"Project Millennium: Customers and Future Markets ... Looking Ahead to 2007," was designed to help the IMA predict major changes and skills required for professionals in management accounting and financial management. Focus group discussions among IMA members and executives who employ IMA members were held in New York, Chicago, San Francisco, Dallas, Cleveland, Philadelphia, Tampa, and Atlanta between December 1996 and February 1997. individual interviews were conducted among industry experts, consultants, and visionaries in information technology as well as officers of the IMA, major corporations, and other professional organizations. Some of their quotes illustrate this article.

Mike Anastas is president of Focus Probe Inc., a market research firm in New York City commissioned by the IMA to conduct "Project Millennium: Customers and Future Markets...Looking Ahead to 2007."

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?show files;ds

File 350:Derwent WPIX 1963-2001/UD,UM &UP=200228

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File 344:CHINESE PATENTS ABS APR 1985-2002/MAR

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File 347:JAPIO Oct/1976-2001/Dec(Updated 020503)

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File 371:French Patents 1961-2002/BOPI 200209

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File 348:EUROPEAN PATENTS 1978-2002/APR W04

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File 349:PCT FULLTEXT 1983-2002/UB=20020502,UT=20020425

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Set	Items	Description
S1	2	AU="PILATO ALEJANDRO M"

?t1/5/all

1/5/1 (Item 1 from file: 348)

DIALOG(R)File 348:EUROPEAN PATENTS

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01425699

METHOD AND SYSTEM FOR PROVIDING FINANCIAL FUNCTIONS

PROCEDE ET SYSTEME POUR ASSURER DES FONCTIONS FINANCIERES

PATENT ASSIGNEE:

Traderisks, Inc., (4044200), 9 East Loockerman Street, Dover, DE 19901,

(US), (Applicant designated States: all)

INVENTOR:

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PATENT (CC, No, Kind, Date):

WO 200219173 020307

APPLICATION (CC, No, Date): EP 2001968291 010830; WO 2001US27038 010830

PRIORITY (CC, No, Date): US 650733 000830

DESIGNATED STATES: AT; BE; CH; CY; DE; DK; ES; FI; FR; GB; GR; IE; IT; LI;

LU; MC; NL; PT; SE; TR

EXTENDED DESIGNATED STATES: AL; LT; LV; MK; RO; SI

INTERNATIONAL PATENT CLASS: G06F-017/30

CITED PATENTS (WO A): XP 2906408 ; XP 2906894 ; XP 2906895 ;

XP 2905914

CITED REFERENCES (WO A):

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XP002906895

ROSE P.R. ET AL.: 'Financial institution, understanding and managing

financial services', 1988, BPI IRWIN XP002905914 * page 385 - page 393

*;

LEGAL STATUS (Type, Pub Date, Kind, Text):

Application: 020502 A1 International application. (Art. 158(1))

Application: 020502 A1 International application entering European phase

LANGUAGE (Publication,Procedural,Application): English; English; English

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DIALOG(R)File 349:PCT FULLTEXT

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00886064

**METHOD AND SYSTEM FOR PROVIDING FINANCIAL FUNCTIONS
PROCEDE ET SYSTEME POUR ASSURER DES FONCTIONS FINANCIERES**

Patent Applicant/Assignee:

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Patent and Priority Information (Country, Number, Date):

Patent: WO 200219173 A1 20020307 (WO 0219173)

Application: WO 2001US27038 20010830 (PCT/WO US0127038)

Priority Application: US 2000650733 20000830

Designated States: AE AG AL AM AT AU AZ BA BB BG BR BY BZ CA CH CN CO CR CU

CZ DE DK DM DZ EC EE ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP

KR KZ LC LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NO NZ PL PT RO RU SD

SE SG SI SK SL TJ TM TR TT TZ UA UB US UZ VN YU ZA ZW

(EP) AT BE CH CY DE DK ES FI FR GB GR IE IT LU MC NL PT SE TR

(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG

(AP) GH GM KE LS MW MZ SD SL SZ TZ UG ZW

(EA) AM AZ BY KG KZ MD RU TJ TM

Main International Patent Class: G06F-017/30

Publication Language: English

Filing Language: English

Fulltext Availability:

Detailed Description

Claims

Fulltext Word Count: 22292

English Abstract

A method is disclosed for providing financial functions by an agent for each of a plurality of clients. One embodiment includes, relating to a financial function of each client, demonstrating that more than one activity of the agent and of one or more subagents can be transparent to the client, receiving financial information at the agent, creating risk management information relating to the financial information, analyzing the risk management information in the context of the financial information, determining an action based on the analysis, facilitating implementation of an action on behalf of the client, and communicating with the client one or more activities of the agent and the one or more subagents.

French Abstract

L'invention concerne un procede permettant a un agent de fournir des fonctions financieres a chacun de ses nombreux clients. Un mode de realisation, se rapportant a une fonction financiere de chaque client, consiste a demontrer qu'au moins une activite de l'agent et d'au moins un sous-agent peut etre transparente pour le client; a recevoir des informations financieres chez l'agent; a creer des informations en matiere de gestion des risques liees aux informations financieres; a analyser les informations en matiere de gestion des risques dans le contexte des informations financieres; a determiner une mesure fondee sur l'analyse; a faciliter la mise en oeuvre d'une mesure pour le compte du client; et a communiquer avec le client sur au moins une activite de l'agent et d'au moins un sous-agent.

Legal Status (Type, Date, Text)

Publication 20020307 A1 With international search report.

Publication 20020307 A1 Before the expiration of the time limit for
amending the claims and to be republished in the

Search Report from Ginger D. Roberts

event of the receipt of amendments.

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File 77:Conference Papers Index 1973-2002/Mar
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 File 35:Dissertation Abs Online 1861-2002/Apr
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 (c) 2002 The New York Times
 File 99:Wilson Appl. Sci & Tech Abs 1983-2002/Mar
 (c) 2002 The HW Wilson Co.

Set	Items	Description
S1	2	AU="PILATO, A." OR AU="PILATO, ALEJANDRO MIGUEL"

?t1/5/all

1/5/1 (Item 1 from file: 35)
 DIALOG(R)File 35:Dissertation Abs Online
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01092017 ORDER NO: AADD--87231

ELEMENTARY STATES, SUPERGEOMETRY AND TWISTOR THEORY

Author: PILATO, ALEJANDRO MIGUEL

Degree: PH.D.

Year: 1986

Corporate Source/Institution: UNIVERSITY OF OXFORD (UNITED KINGDOM) (0405)

Source: VOLUME 50/10-B OF DISSERTATION ABSTRACTS INTERNATIONAL.
 PAGE 4578. 231 PAGES

Descriptors: MATHEMATICS

Descriptor Codes: 0405

Available from UMI in association with The British Library. Requires signed TDF.

It is shown that $H^s(\mathcal{P}^{p-1})$ ($P^s(\mathcal{P}^{p-1}, 0(-m-p))$) is a Frechet space, and its dual is $H^s(\mathcal{P}^{q-1})$ ($\overline{P^s(\mathcal{P}^{q-1}, 0(m-q))}$), where $P^s(\mathcal{P}^{p-1})$ and $\overline{P^s(\mathcal{P}^{q-1})}$ are the projectivizations of subsets of generalized twistor space \mathcal{P}^{p+q} on which the hermitian form (of signature (p,q)) is positive and negative definite respectively, and $0(-m-p)$ denotes the sheaf of germs of holomorphic functions homogeneous of degree $-m-p$. It is then proven, for $p = 2$ and $q = 2$, that the subspace consisting of all twistor elementary states is dense in $H^s(\mathcal{P}^{p-1})$ ($P^s(\mathcal{P}^{p-1}, 0(-m-p))$).

A supermanifold is a ringed space consisting of an underlying classical manifold and an augmented sheaf of \mathbb{Z}^2 -graded algebras locally isomorphic to an exterior algebra. The subcategory of the category of ringed spaces generated by such supermanifolds is referred to as the super category. A mathematical framework suitable for describing the generalization of Yang-Mills theory to the super category is given. This includes explicit examples for supercoordinate changes, superline bundles, and superconnections. Within this framework, a definition of the full super Yang-Mills equations is given and the simplest case is studied in detail. A comprehensive account of the generalization of twistor theory to the super category is presented, and it is used in an attempt to formulate a complete description of the super Yang-Mills equations. New concepts are introduced, and several ideas which have previously appeared in the literature at the level of formal calculations are expanded and explained within a consistent framework.

1/5/2 (Item 1 from file: 2)

DIALOG(R) File 2: INSPEC

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03972431 INSPEC Abstract Number: A91120002

Title: Super twistor realization of unitary super representations of $U(p, q \text{ mod } N)$

Author(s): Pilato, A.

Author Affiliation: Math. Inst., Oxford Univ., UK

Journal: Journal of Mathematical Physics vol.32, no.8 p.2007-19

Publication Date: Aug. 1991 Country of Publication: USA

CODEN: JMAPAQ ISSN: 0022-2488

U.S. Copyright Clearance Center Code: 0022-2488/91/082007-13\$03.00

Language: English Document Type: Journal Paper (JP)

Treatment: Theoretical (T)

Abstract: This paper is concerned with demonstrating that the twistor realization of the ladder representation of $U(p, q)$ can be generalized to super representations of $U(p, q \text{ mod } N)$. This is achieved by considering the generalization of twistor elementary states to a super algebraic category. Unitarity of these super representations follows from the positive definiteness of a super twistor scalar product constructed in this paper. Although generalizations of the ladder representations have been well studied by other means, it will be shown that the super twistor generalization is especially natural and merits special investigation. (40

Refs)

Subfile: A

Descriptors: algebra; group theory; supersymmetry

Identifiers: unitary super representations; twistor realization; ladder representation; $U(p, q)$; super algebraic category; positive definiteness; scalar product

Class Codes: A1130P (Supersymmetry); A0210 (Algebra, set theory, and graph theory)

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File 15:ABI/Inform(R) 1971-2002/May 06
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 File 9:Business & Industry(R) Jul/1994-2002/May 01
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 (c) 2002 The Dialog Corp.

Set	Items	Description
S1	0	AU="PILATO, A"
S2	0	AU="PILATO A"
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5/7/6 (Item 6 from file: 13)
DIALOG(R) File 13:BAMP
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01107202 01791720 (THIS IS THE FULLTEXT)
Culture, Capital and Communications
(Capital, culture, and information are the three trends that will affect society)
Article Author(s): Westmacott, Terence I
Research Technology Management, v 42, n 1, p 48-51
January 1999
WORD COUNT: 2823

TEXT:

A dynamic, rapidly expanding global **network** of technologies will restructure society through its ability to create and redistribute wealth, power and values.

Terence I. Westmacott

OVERVIEW: Looking toward 2025, one sees a world being shaped by the confluence of three revolutionary trends: cultural, capital and information. The cultural revolution is driven by a general rejection of the social norms of the past and the related emergence of a new political force: the community-of-resistance. The capital revolution is driven by concentration of wealth and the emergence of the global economy. The information revolution is driven by the science and technology that supports the implementation of the global **network** of **networks** and their ancillary information technologies. These trends are combining to produce a **networked** society unlike any experienced in human history. This society is in the process of reinventing itself but the emergent and adaptive process of reinvention are unlikely to yield to traditional scientific methods and tools.

As I look down the road to the future, I see a period of growth in the near term. This growth will be driven, in part, by the design and installation of the infrastructure and platforms that will support the **networked** society, and, in part, from the efficiencies gained from using its tools. In the longer term, and stretching beyond 2025, I see a period of transition created by the irreversible patterns of disruption that have already been introduced by the very existence of a global **network** of **networks**, or, the **Network**.

I believe that one of the most significant factors about the emergent **Network** is the degree to which its disruptive power has been miscalculated by industry. Significant development effort is being directed toward products, physical plant, sales, and distribution systems whose very existence has been rendered obsolete by the **Network**. Increasingly, the development world can be divided into two broad areas of concentration: people who understand the profound significance of the **Network** and are working to implement its power and reach, and people who are oblivious to its potential.

The global, instantaneous, reach of the **Network** is not limited in its effect on business commerce and R&D; it brings into bold relief the ideological, social and economic gap between strong and weak, rich and poor, young and old, and educated and undereducated. To avoid political instability, these issues will have to be addressed through political, social and economic reform on a scale not seen since the Middle Ages. Throughout the restructuring period, there are likely to be wrenching changes in lifestyle for large portions of the world's population, including Americans. These changes will be focused by the new communities-of-resistance toward achieving a more balanced distribution of

wealth and power. I do not know how these changes will be brought about, but they have the potential to produce great social, economic and political turbulence along the way. The outcome of these events is uncertain, but the impact will be significant.

Predominance of the Virtual World

As the **Network** evolves, future generations will derive their life experience from the virtual world, not the real world. By 2025, virtual-world experiences will have outstripped real-world experiences for most people. The child of tomorrow who learns about elephants by observing them through the lens of virtual reality in their natural habitat will know far more about their lives than the child of today who sees them at the zoo. The cultural codes and belief systems of the majority of the world's population will be created through their interaction with some aspect of the global **Network**. Our perspective will change because time and space have little meaning on a **Network** that supports instantaneous communications across the planet. Our identities will be shaped by the values we draw from a multimedia **Network**, to which we will be permanently linked.

All of the dominant functions and processes of the information age--communication, work, entertainment, sharing, collaboration, production, and commerce--will be organized around the **Network**. We can already see the early development of this trend in the proliferation of personal and business productivity tools and technologies that we use every day, and in the exponential growth in the flow of information across the **Internet**. But we can also see it in the evolution of more traditional media as well. We see it in the ways in which TV has influenced the lifestyles of youth by raising previously unheard-of products to leadership positions in markets around the world, has facilitated socialization among older women throughout the United States through home shopping **networks**, and has shaped, through infomercial extravaganzas, the attitudes and buying behavior of consumers in developed markets around the world.

photo omitted

As bandwidth across the **network** continues to increase, all forms of human sensory perceptions and media will be merged into a total and continuous experience. The vast majority of our day-to-day transactions will be relegated to VTIOs--Virtual Transactional Information Objects. These self-aware, intelligent **agents** will live on the **Network** as our personal representatives, communicating and performing our preprogrammed tasks. They will do our bidding, buying and selling, managing our wealth, and controlling the temperature in our homes, cars and offices. They will order groceries, check-up on the children, and call the repair person the instant anything fails to function properly. Personal sensors, linking us directly to the **Network**, will monitor our entire body functions, chemistry, caloric intake, vital statistics, and will release prescription drugs at exactly the right time in the right dosages.

Liberation of Capital

Just as we liberated the **Network** from the PC, so have we liberated capital from production. The vast majority of the world's invested wealth has shifted away from the local individual investor and is now concentrated in the hands of a few global financial institutions--investment companies, mutual funds, and bank pension funds. By 2025, virtually all equities will be owned by these institutions.

Innovation in the financial sector is enormous. **On - line** technologies will be used for all basic **financial functions**, including banking, trading, risk management, and advising. Personal assets and liabilities will be consolidated into cashless risk accounts that represent wealth across the **Network**. Smart cards will keep track of all personal financial

transactions and accounts. Advanced analytic tools, incorporating leading-edge technologies including chaos theory, fuzzy logic and emergent computation, will influence financial strategy, define targets in real time, and implement the results automatically. Complex models that improve individual comprehension of risk and the valuation of assets will be commonplace. Individuals will be able to use the **Network** as the principal medium for defining needs and executing transactions in an instantaneous global marketplace.

We have, through the liberalization of the world's financial markets, achieved the globalization of capital. In the future, investment capital will continue to flow to global markets. More than 25 percent of today's equity trades involve foreign shares, and this trend will increase as new capital markets are created.

Focus on the Short-Term **Network**

Over the long term we may pay a great price for this concentration of wealth. In the past, individual investors tended to invest for the long term in companies and businesses they knew. Today, financial institutions, that compete with each other on the basis of portfolio performance, focus on short-term profits and will move money in a heartbeat to achieve this goal. **Network**-based investing does not need to follow the laws of supply and demand. Institutional investors can respond instantaneously to opportunities or unpredictable movements induced by rumor or hype. This results in enormously high volatility and turnover. Institutional investors also influence decision making. By exercising their formidable and growing investing power, they pressure executives to focus on short-term results. This practice distorts and compromises science, R&D and product innovation. It has resulted in the abandonment of many long-term R&D goals.

In the light of today's uncertainties, some of this is justified and even beneficial. However, the general result is that the role of R&D has become diffused in its purpose and diminished in its vision. Instead of being the source of new knowledge, many R&D departments have become sources of technical support and service. Instead of using R&D to look for the new and different, or to build long-term expectations, many of today's businesses are sadly blind to any future that extends beyond the near term and are satisfied with just being better. They are content with expanding the horizons of existing products by emphasizing better quality, value engineering, and use of existing technologies--all with a short-term focus. These practices result in a sort of product "pabulum," an overall sameness, with less diversity and fewer choices for the consumer.

This short-term focus is troubling, because a society's wealth, power and cultural codes depend on the technological capacity of its institutions and individuals. By focusing on the short term, are we not starving the main engine of growth: innovation? Perhaps not. Paradoxically, the **Network** stimulates innovation because it simultaneously globalizes information and concentrates its use. It allows us to construct and deconstruct virtual organizations and ideas almost instantaneously. This powerful capability may shape the way science and R&D are performed in the 21st Century as institutions and individuals try to find ways around the short-term focus. Communities-of-resistance, outraged by the short-range focus in business, might form **on-line** groups of individual investors to reduce the power of institutions and focus investment in companies with longer-term horizons.

This dual property of the **Network**--its ability to simultaneously globalize and concentrate information and activity--is the main **agent** for change because it creates, on the one hand, global interdependence and, on the other hand, entirely new power relationships between the economy, the state and society.

Impact on Labor

In addition to globalizing capital and disaggregating it from production, the **Network** individualizes and localizes work. In the global **Network**, individual tasks can be performed anywhere. Consequently, the manager of the future will have the flexibility to select from a wide number of physical locations based on cost, or worker skills or attributes, and reintegrate the results of their work through the **Network**. This means that labor also is disaggregated in its performance. The automobile can be designed, and its components manufactured and assembled, at hundreds of different locations around the world. The producer won't even have to own the physical plant. All the producer needs is knowledge.

As management applies this rational approach to production, it will produce a major power shift as organized labor becomes more geographically dispersed and more diversified and divided in its collective action. A United Union of Automobile Workers has little meaning in a world in which small communities of specialized labor must compete with hundreds of other communities with similar skills. This produces a scenario in which there is a massive polarization of work. At the top, there will exist a few knowledge workers who will use expert systems and simulations to model, analyze, create, and architect work; in the middle will be the people who broker and manage work; at the bottom, there will be a vast, interchangeable global pool of generic labor that can easily be replaced by machines.

Decline in Learning

Education will be the main differentiator. But today, in the United States at least, there is a general decline in learning. At a time when industry will be producing more and more jobs that require education, the skills of workers will fall further and further behind the changes in occupation. Despite increased spending, academic performance is declining and there is a general feeling among U.S. voters that education cannot be entrusted to government.

Severe unemployment in Third World countries will continue to attract to the U.S. more immigrant workers, who will widen the gap even further. Despite restrictions, immigration of unskilled labor is reaching its highest level in history. The implications of this are enormous. The rational logic of a capitalist **Network** will increase price competitiveness and place downward pressure on wages, which, in turn, will reduce the standard of living among the developed nations. Millions of workers will be displaced, and consumer markets will be annihilated, or at least reduced to low-cost, low-margin commodity products. In this scenario, the effect would not be limited to the worker or the lower class. The middle class will also be affected and its current rate of shrinkage will increase.

Shifting to the Political Right

Mass concern about what will happen to the middle-class lifestyle has motivated voters to install right-wing governments in a number of developed and developing countries, with Poland and Germany being the most recent examples. Right-wing protectionist, fundamentalist and militant movements are becoming more vocal in the U.S. as well. In recent years, governments have separated themselves from traditional labor politics in favor of facilitating capitalist restructuring. As a result, people feel that their government has deserted them and has become blind to their needs and fears.

Uncontrolled and unfocused change that produces little or no improvement is driving people around the world to group around religious, territorial, national, ethnic, and tribal identities. Thousands of people have been slaughtered and driven from their homelands on the basis of such beliefs.

Large-scale urban assassination attempts, two bombings and one poisoning have been launched in Japan and the United States. Political issues such as pro-life or pro-choice or "anti-one-world" are becoming increasingly localized and single-issue-oriented. People who feel deserted by their governments, and alienated and frightened by their exclusion from mainstream society, are looking to religious fundamentalism to provide security and a focal point for action.

On the cultural level, we have focused new political movement of communities-of-resistance whose principal aim is to resist change, live in isolation, and return to the perceived safety of the values and the standards of the past. It is paradoxical that a world disturbed about the promise of its future has created a power vacuum into which an extreme form of neo-nationalist politics has flowed. Instead of helping us move forward, these forces only serve to produce self-destructive confrontation.

Ultimate Objectives

Do we know what 2025 will be like? I think we know a little about the trajectories that science and technology might follow, but we have an insufficient understanding of how society will evolve. As a consultant, I have the opportunity and privilege to work in all sectors of modern society: social, technological, economic, and political. I am impressed by the achievement, innovation and inventiveness displayed within each one, but I am also dismayed at their narrowness of purpose. We need to widen and deepen our perspective.

I believe that part of the answer lies in striking a balance between our technological and economic overachievement and our social and political underachievement. In our rash to impose a global economy based on scientific principles, we cannot forget that the ultimate objective of an enlightened society is to solve the problems of humankind. As long as people feel disenfranchised and excluded, we still have work to do. In the end, society must decide. Leaders of science and technology can help by informing a more complete and shared vision about our future. Only then will we really be able to take a holistic approach to reaching it together. Throughout the 20th century, we worked hard to change life. Our challenge in the 21st century is to try to understand life. To quote Manuel Castells, whom I regard as one of the greatest social scientists of the 20th century:

There is no eternal evil in human nature. There is nothing that cannot be changed by conscious, purposeful social action. provided with information, and supported by legitimacy. If people are informed, active, and communicate throughout the world; if business assumes its social responsibility; if media become the messengers, rather than the message; if political actors react against cynicism, and restore belief in democracy; if culture is reconstructed from experience; if humankind feels the solidarity of the species throughout the globe; if we assert intergenerational solidarity by living in harmony with nature; if we depart for the exploration of our inner self, having made peace among ourselves: if all this is made possible by our informed, conscious, shared decision, while there is still time, maybe then, we may, at last, may be able to live and let live, love and be loved (Castells, Manuel. End of Millenium, Malden: Blackwell Publishers, Inc., 1998, pp. 359-360).

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Do your suppliers measure up? (includes related article) (Treasury Management)
Ambrose, Mary Lou
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TEXT:

Of the many firms that vie for the treasury department's business, how do you know which to choose? And how do you prove they're performing once you've got them? Measure, measure, measure.

What did you do the last time your bank let you down with one of its services? Did you call and complain until the bank righted the problem? Did you scribble note on the bank's report card you keep on file?

Part of leading a treasury department is managing its suppliers -- from banking institutions to software companies to processing services to financial-service firms. Measuring suppliers has evolved from subjective reporting of the latest problems to a formal report-card system to a process that now quantifies the impact of changes and uses statistical methodology. The evolution is a response to today's business environment, in which lean staffs, competitive pressures and more complex situations require you to establish lasting supplier partnerships rather than "name-only" alliances. The concepts of process management, which break traditional functional boundaries, and total quality management are the frameworks for taking an integrated, cross-discipline approach to measurements.

You don't have to be an expert in process management or TQM to benefit from measurement systems. The techniques are useful at any stage simply because they meet your objective of providing data that you can use to make informed decisions.

DIVIDE AND CONQUER

Where do you start to establish performance measurements?

* First, define the process you want to monitor. Identify your key objective and the elements critical to completing it. Prioritize these items by the amount of "pain" each causes and identify the function or department that performs each task. Ultimately, you should select a few specific data points that will help you monitor the process.

For example, in the stock-transfer process, one objective is to provide an easy, timely and accurate method to transfer title of stock for the shareholder. Several functional areas could be involved: investor relations, public relation and communications, the treasury and the transfer agent. The critical elements include a reliable, single contact point, accuracy, ease of understanding and adherence to legal requirements. What you don't want (the pain) is for a shareholder to be transferred to several people, to be unable to understand the instructions or to have a transfer done incorrectly.

Take these defined critical elements and work with all the functional areas to establish an understanding of each task and how the process will meet your objective. Also, discuss the elements with your external supplier so it understands your specific service requirements. Soliciting your supplier's input may also give you additional useful practices, since your supplier can share other companies' experiences.

* Pick the best measurement method for your purposes. Above all, keep it simple. If your measurements are too complex and time-consuming to collect, no one will use them. It's important to measure just what you will use.

For example, say your accounts payable process, which includes funding

check payments, dictates you must receive your second presentment notification for controlled disbursement by 10:30 a.m. You could measure either the number of times you receive the second presentment after 10:30 or the time of the second presentment. The first choice measures the error rate, which tells the bank that there's a problem with its process that's having an adverse impact on your operations.

The second choice requires you to collect more data but gives you more information to use. For instance, if 95 percent of the time you receive the second presentment by 10:15 a.m., is this an opportunity for you to accelerate your process? If so, what's the benefit? If you'd never benefit from earlier notification, don't waste the effort collecting presentment times.

Choose measurements that will truly indicate how your supplier's performance helps you meet your objective. Say you have a control objective of separate confirmation of foreign-exchange trades. You define meeting this objective as the receipt of a confirmation of the trade by a designated person or function other than the trader within 24 hours. If you trade with a supplier who's consistently late or sends the confirmation to the wrong place, not only can you not achieve your control objective in a highly risky area, but you also incur rework costs as you chase and reroute documents.

Finally, it's not unusual to change measurements. Information you initially find meaningful may not prove useful later, or you may change your process based on the data you collect and so have to also change the measurement.

- * Collect data efficiently. Choose the simplest route possible here, even if it means some manual work. Perhaps you track the volume of wire transfers and error rates. Try using a posted, manual chart in the work area. It can be easily updated daily because the information is simple (the number of transfers, the number of errors), and it doesn't require any calculations or interpretations. It also serves the additional purpose of communications: The data is accessible and the visual presentation may serve as a catalyst to generate ideas (like "Our volume is increasing significantly. Should we use automated clearing house payments instead? Should we more actively explore electronic data interchange?")

It's to your advantage if your supplier understands quality techniques, because the firm already may be measuring the same critical points to the process and can share this data with you. Your supplier also can share the performance records of its total customer base for your comparison.

At this stage, the issue often becomes not who collects the data but how it gets to you. As the partnership with your supplier develops, you may gain access to specific areas of the supplier's computer system to receive data electronically when you want it. While this may pose computer-security challenges, it streamlines the collection and reporting tasks.

- * Communicate your results as widely as possible. Everyone involved in the performance-measurement process should have access to your measurement results because everyone should be using them. If possible, put the data on your local area **network** for convenient, real-time access. Also, devise a mechanism to report any actions taken based on the data. People need to know the impact of the information that they've made an extra effort to collect.

Share the results with your suppliers frequently, too -- and not just when problems occur. This allows you to use your suppliers' knowledge base continually. Such ongoing discussions contribute to joint redesign efforts.

As an example, look at how a supplier could use the data flow in the earlier disbursement example: If the presentment is late due to a system problem, does ABC Supplier develop a backup system or method? Longer term, does ABC need a system upgrade to meet your objective -- and does it have the commitment to make the upgrade? In the short term, how does it deal with the communication's lateness? Will someone phone you with the data, notify you that the information is now available, or let you guess what's happening?

Likewise, since ABC monitors this critical point, does it share the data with you, providing you with a measurement service? Does it also use this database to market the service to its prospective customers? If ABC knows you need the data because of your investment process, does it resolve the late notification problem by developing alternative investment options with you for the cash difference that may occur?

These examples illustrate the difference between a good supplier and a good partner. A good partner actively and creatively works the process for your mutual objectives.

LOOKING FOR A MATCH

Measuring your suppliers' performance gives you a powerful data point from which to manage these relationships in total. You can use the measurement-establishment process to select and maintain relationships with the best suppliers for you. For instance, as you look at your company's primary banking group, compare your service requirements with the expertise of the group. If they don't match, odds are the relationship isn't mutually beneficial (By the way, each bank is usually performing the same analysis on you!)

Communicating your current and future service requirements and objectives will enable the bank group to focus its calling efforts and products specifically for you. That avoids wasting your management time and the bank's time pitching products that don't fit your profile. Sharing data can also generate ideas. Often suppliers are willing to work with you to devise a new way to perform a service because they realize they may be developing a new product. Brainstorming is good business for both partners.

If you decide to change suppliers, the request-for-proposal process can be very straightforward for reviewing candidates. Since you've defined a particular process and measured its operation, your RFP will clearly discuss your requirements. The suppliers either meet the criteria or they don't -- it's an objective scorecard. This also simplifies your discussions of the results of the selection process with the suppliers you don't choose, because you have objective data to support your decision. Plus, it gives the relationship managers who don't get the contract excellent feedback to use in explaining why they didn't win the business.

You can also use any qualitative criteria you collect from the RFP responses. For example, if you've narrowed the candidates to two excellent suppliers who are equally capable but one uses quality tools and techniques with more sophistication than either you do or the other candidate does, then contract with this supplier. You'll get an opportunity to upgrade your own TQM skills and get top-notch service at the same time.

THE COMMERCIAL-PAPER CAPER

How do you establish measurements? Take, for example, issuing commercial paper, which seems a fairly simple, easy-to-measure process. Most companies use one or two dealers and contact them with issuance criteria; the dealers place the paper and communicate the terms to the issuer. The most common measurement is the issuance cost for the issuer's credit category, compared to the composite for a comparable time period.

But look at issuing commercial paper as a step in a process. When you issue any debt instrument, one of your primary objectives is to do so at the lowest possible cost. That's why you compare the issuance cost to the composite. However, some costs can be embedded in the issuance process beyond the net issuance cost that you may not measure.

Commercial-paper issuance is actually the last step in a process that begins with cash forecasting. Intermediary elements leading to the decision to issue include the daily cash positioning, management positions on interest-rate direction as well as economic and financial market data, and short-term versus long-term maturity placements. This process includes several external suppliers such as one or more dealers and an issue-and-pay agent. Behind each step in the process lie the subprocesses that affect your overall objective. Since each step affects the outcome in some way, you can see how it's inadequate to just measure the issue cost against the composite. Instead, start with just one or two quantifiable measurements for each subprocess.

You can use identical, simple measurements for both cash forecasting and daily cash positioning if you interpret these as the long-term and short-term subprocesses for the timing of maturities. Try such measurements as overdraft fees (if the issue fell short of the requirements) and the negative carry (issued more than necessary, requiring an investment at a lower rate than the paper cost). These are quantifiable measurements of the pain of inaccuracy. Obviously, as you review these costs, you must go further in each process to identify the variances and determine why they occurred.

You can best measure interest-rate views and market data by documenting your views and decisions with your corresponding actions. The quantifiable impact will be part of other measurements. For example, if management believes the company is in an increasing rate environment, one decision is to extend maturities. This may result in some mismatches of maturities with cash inflows, requiring investment. If management is correct and rates do increase, the investment income will be greater than the issuance cost, adding value to the program. If the rates decrease, negative carry may again result. (As you can see, the negative carry measurement has several components through the process. Your documentation gives you an historical track record, as well as a database of your actions and their impacts, to aid in future decision-making.

When it comes to the dealer, the objective is a timely, accurate issuance at a competitive rate. Look at the dealer's issuance rate compared to that of co-dealers and to the composite. Also, look at the number of late notifications of issuance data and the error rate (incorrect amounts, maturities and so forth). This is also a good place to incorporate your market discussions with the dealer into the interest-rate and market-view decision process. One dealer may be more helpful than others, which adds value to the relationship.

With any error-rate measurement, measure the number of errors against the number of days the issuance occurred, not just the number of business days. Ask yourself, what is an acceptable number of errors? How much do errors cost -- in direct dollars (for example, did the error result in an overdraft, idle cash, a unfavorable issuance cost?) and in indirect dollars (say, two people worked one hour to correct the error)? If you have a lean staff, a lot of rework may be unacceptable because you have no one to do it. If collecting the error rates requires you to staff this process, this also is a cost of your program, so you need to change the process or capture the cost in your issuance cost.

For the issue-and-pay agent, look at the accuracy of the issuance and whether the funds were on time and correct.

For data collection, you must gather the information on the internal processes of forecasting, cash positioning and market views in-house. But you may find your dealer collects the measurements on the issuance rate and errors for its own purposes so you can use that information.

Like other measurements, many of your measurements for commercial-paper issuance become part of a feedback loop that may influence your debt or investment management; therefore, you must continually communicate them. Although this lends itself to real-time access, paper-based reporting is acceptable, particularly if your company has a daily or weekly operational meeting to discuss such items as issues, market views and upcoming events. In that case, you can use the forum to communicate the data and then show how you'll use it.

You may need to communicate daily with your dealer for some measurements. For example, you should immediately discuss any differences in the issuance cost, particularly if you see a trend. Don't wait until the quarterly meeting with the big bosses! During these daily exchanges, you also may want to discuss your dealer's market view, solicit its feedback on your issuance plans and get information on your investor base. In short, think of your dealer as another player in your debt-management process. And use all of these items to measure the quality of your dealer and the evolution of your partnership.

A good feedback loop with your dealer could result in the following:

- * You get more information that may affect your issuance decision and potentially lower your costs.

- * Your dealer calls you for additional issuance or for an issuance on a day when you don't need funds. The cost of the issuance may be so attractive, you make the deal.

- * A good understanding of your issuance pattern allows the dealer to market you to investors in a manner than ensures demand.

- * Your dealer is very flexible, so you can easily add to your original request or even cancel it under some circumstances.

- * Your dealer works with the issue-and-pay agent to establish the notification electronically once the issuance is complete.

- * The dealer's capital-market area presents some debt alternatives. If your issuance is "low," and you have a large backup facility, your paper issuance may be more expensive than you think. Your dealer can discuss the impact of having an unbacked or less-than-100-percent-backed facility and offer other short-and long-term debt ideas.

CREATIVITY ISN'T EASY

Operational areas lend themselves to the measurement process because you can easily define objectives and tasks to successfully complete them. But other financial areas -- such as corporate finance, risk management and credit management -- pose a challenge because it's difficult to use traditional measurement methods.

In general, if the process requires a lot of creative or negotiating work, or if it doesn't follow a routine path, the impact of your decisions and actions will be difficult to measure. However, just because it's difficult to measure doesn't mean you can't or shouldn't do it. Persevere -- because performance measurement are a powerful tool for managing financial functions .

If you aren't oriented in the methodology, getting started may be tough, but once you're on the path, the process becomes addictive. Standard deviations, throughput volume, rework costs, production timeframes, costs per item, customer/supplier joint ventures -- these now are measurements for financial staff functions, not just a production facility!

10 WAYS TO AVOID SNAGS IN YOUR SUPPLIER RELATIONSHIPS

- 1 Make sure your suppliers are at least at the same level of quality management as you are -- and that they are committed to maintaining, or even increasing, this level.

- 2 If your process may result in a new product, insist on high-level support within your suppliers' organizations.

- 3 Keep in mind that if your process requirements are an exception to a supplier's process, the potential for errors and untimely handling is higher, and that could mean a higher cost. Translation: Don't let a service be a loss leader for the supplier.

- 4 Find out up front if you are part of the beta test for a product or service, because that will significantly affect the implementation, ongoing support and pricing.

- 5 Don't computerize for the sake of computerization. Investigate fully before you commit to electronic communications, since they may actually be more difficult to use and costlier than paper.

- 6 Do an onsite review of our suppliers' operations. This is critical for effective decision-making because it gives you a chance to meet the employees who may handle your account and you can watch the process in operation.

- 7 Investigate the processes the suppliers use to handle problems.

- 8 Compare pricing. If one supplier is clearly below the market rate, you may be in for a significant increase in the next contract period.

- 9 Never give feedback without data. Doing so makes taking appropriate action difficult and can ultimately erode the relationship.

- 10 Have the courage to pull out of a relationship if it isn't working. Staying with a substandard supplier is costly -- in rework and in dissatisfied customers.

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